



The Clean Air Group
Driving the Future

HALF-YEARLY FINANCIAL REPORT AS AT 30
JUNE 2022

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1. GENERAL INFORMATION

1.1. CORPORATE OFFICERS AND INFORMATION

On 29 April 2022, the Shareholders' Meeting of the parent company Landi Renzo S.p.A. elected the Board of Directors and the Board of Statutory Auditors for the period 2022-2024. They will therefore remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024. On the same date, the Board of Directors confirmed Stefano Landi as Executive Chairman, appointed Sergio Iasi as Vice Chairman and confirmed Cristiano Musi as Chief Executive Officer and General Manager.

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

Board of Directors

Executive Chairman	Stefano Landi
Vice Chairman	Sergio Iasi
Chief Executive Officer	Cristiano Musi
Director	Silvia Landi
Director	Massimo Lucchini
Director	Andrea Landi
Independent Director	Pamela Morassi
Independent Director	Sara Fornasiero (*)
Independent Director	Anna Maria Artoni

Board of Statutory Auditors

Chairman of the Board of Statutory Auditors	Fabio Zucchetti
Statutory Auditor	Luca Aurelio Guarna
Statutory Auditor	Diana Rizzo
Alternate Auditor	Luca Zoani
Alternate Auditor	Gian Marco Amico di Meane

Control, Risks and Sustainability Committee

Chairperson	Sara Fornasiero
Committee Member	Sergio Iasi
Committee Member	Anna Maria Artoni

Appointment and Remuneration Committee

Chairperson	Pamela Morassi
Committee Member	Massimo Lucchini
Committee Member	Anna Maria Artoni

Committee for Transactions with Related Parties

Committee Member	Sara Fornasiero
Committee Member	Anna Maria Artoni
Committee Member	Pamela Morassi

Supervisory Board (Italian Legislative Decree 231/01)

Chairperson	Jean-Paule Castagno
Board Member	Domenico Sardano
Board Member	Filippo Alliney

Independent Auditing Firm

PricewaterhouseCoopers S.p.A.

(*) 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

Description	Registered Office	% stake at 30 June 2022		Notes
		Direct investment	Indirect investment	
Parent Company				
Landi Renzo S.p.A.	Cavriago (Italy)	Parent Company		
Companies consolidated using the line-by-line method				
Landi International B.V.	Utrecht (The Netherlands)	100.00%		
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)		100.00%	(1)
LR Indústria e Comércio Ltda	Rio de Janeiro (Brazil)	99.99%		
Beijing Landi Renzo Autogas System Co. Ltd	Beijing (China)	100.00%		
L.R. Pak (Pvt) Limited	Karachi (Pakistan)	70.00%		
Landi Renzo Pars Private Joint Stock Company	Tehran (Iran)	99.99%		
Landi Renzo RO S.r.l.	Bucharest (Romania)	100.00%		
Landi Renzo USA Corporation	Wilmington - DE (USA)	100.00%		
AEB America S.r.l.	Buenos Aires (Argentina)	96.00%		
Officine Lovato Private Limited	Mumbai (India)	74.00%		
OOO Landi Renzo RUS	Moscow (Russia)	51.00%		
SAFE&CEC S.r.l.	San Giovanni Persiceto (Italy)	51.00%		
SAFE S.p.A.	San Giovanni Persiceto (Italy)		100.00%	(2)
Idro Meccanica S.r.l.	Modena (Italy)		90.00%	(3)
IMW Industries LTD	Chilliwak (Canada)		100.00%	(2)
IMW Industries del Perú S.A.C.	Lima (Peru)		100.00%	(4)
IMW Industries LTDA	Cartagena (Colombia)		100.00%	(4)
IMW Energy Tech LTD	Suzhou (China)		100.00%	(4)
IMW Industries LTD Shanghai	Shanghai (China)		100.00%	(4)
Metatron S.p.A.	Castel Maggiore (Italy)	72.43%		(5)
Metatron Control System (Shanghai)	Shanghai (China)		90.00%	(6)
Associates and subsidiaries consolidated using the equity method				
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	51.00%		(7)
Other minor companies				
Landi Renzo VE.CA.	Caracas (Venezuela)	100.00%		(8)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	100.00%		(8)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	50.00%		(7) (8)
Metatron Technologies India Plc	Mumbai (India)		75.00%	(8) (6)

Detailed notes on investments:

(1) Held indirectly through Landi International B.V.

(2) Held indirectly through SAFE&CEC S.r.l.

(3) Held indirectly through SAFE S.p.A., 100% consolidated line-by-line based on the binding commitment to purchase the remaining 10%, which does not include any conditions precedent

(4) Held indirectly through IMW Industries LTD

(5) 100% consolidated line-by-line based on the commitment to purchase the remaining 27.57%, which does not include any conditions precedent, and the governance system contractually defined by the parties

(6) Held indirectly through Metatron S.p.A.

(7) Company joint venture

(8) Not consolidated as a result of their irrelevance

1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE SECOND QUARTER	Q2 2022	Q2 2021	Change	Change %
Revenue	77,528	62,703	14,825	23.6%
Adjusted Gross Operating Profit (EBITDA) (1)	3,873	3,970	-97	-2.4%
Gross operating profit (EBITDA)	3,479	3,205	274	8.5%
Net operating profit (EBIT)	-991	-535	-456	85.2%
Earnings before taxes (EBT)	-2,956	6,760	-9,716	
Net profit (loss) for the Group and minority interests	-3,483	6,188	-9,671	
Adjusted Gross Operating Profit (EBITDA) / Revenue	5.0%	6.3%		
Gross operating profit (EBITDA) / Revenue	4.5%	5.1%		
Net profit (loss) for the Group and minority interests / Revenue	-4.5%	9.9%		

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE FIRST HALF-YEAR	30/06/2022	30/06/2021	Change	Change %
Revenue	144,446	95,962	48,484	50.5%
Adjusted gross operating profit (EBITDA) (1)	6,541	4,478	2,063	46.1%
Gross operating profit (EBITDA)	5,308	3,562	1,746	49.0%
Net operating profit (EBIT)	-3,416	-3,514	98	-2.8%
Earnings before taxes	-6,061	2,685	-8,746	
Net profit (loss) for the Group and minority interests	-6,618	2,058	-8,676	
Adjusted gross operating profit (EBITDA) / Revenue	4.5%	4.7%		
Net operating profit (EBIT) / Revenue	3.7%	3.7%		
Net profit (loss) for the Group and minority interests / Revenue	-4.6%	2.1%		

(Thousands of Euro)

STATEMENT OF FINANCIAL POSITION	30/06/2022	31/12/2021 restated (*)	30/06/2021
Net fixed assets and other non-current assets	157,528	150,149	124,725
Operating capital (2)	67,426	53,891	44,580
Non-current liabilities (3)	-10,193	-9,964	-7,584
NET INVESTED CAPITAL	214,761	194,076	161,721
Net financial position (4)	158,735	133,493	99,554
Net Financial Position - adjusted (5)	135,644	95,137	88,163
Shareholders' equity	56,026	60,583	62,167
BORROWINGS	214,761	194,076	161,721

(Thousands of Euro)

KEY INDICATORS	30/06/2022	31/12/2021 restated	30/06/2021
Operating capital / Turnover (rolling 12 months) (6)	22.9%	19.4%	17.8%
Net Financial Position / Shareholders' equity	2.83	2.20	1.60
Adjusted net financial position / EBITDA (rolling 12 months) (6)	8.43	6.51	6.16
Personnel (peak)	976	987	870

(Thousands of Euro)

CASH FLOWS	30/06/2022	31/12/2021 restated	30/06/2021
Gross operational cash flow	-9,762	7,390	-1,964
Net cash flow for investment activities	-3,970	-4,532	-3,830
Gross Free Cash Flow	-13,732	2,858	-5,794
Variation in the consolidation area	-23,323	0	2,966
Non-recurring expenditure for voluntary resignation incentives	0	-425	-312
Net Free Cash Flow	-37,055	2,433	-3,140
Repayment of leases (IFRS 16)	-1,955	-3,473	-1,332
Overall cash flow	-39,010	-1,040	-4,472

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

(2) This is calculated as the difference between Trade Receivables, Inventories, Contract Work in Progress, Other Current Assets and Trade Payables, Tax liabilities, Other Current Liabilities (net of the remaining payable for the acquisitions of the Metatron Group and Idro Meccanica).

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

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

(5) Not including the effects of the adoption of IFRS 16 - Leases, the fair value of derivative financial instruments and the remaining payable for the acquisitions of the Metatron Group and Idro Meccanica.

(6) In order to calculate the indicator in question at 30 June 2022, the figures relating to rolling 12-month EBITDA were expressed pro forma taking into consideration the changes in the scope of consolidation over the last 12 months.

(*) The comparative figure as at 31 December 2021 was restated following the completion of the purchase price allocation process of the Metatron Group, consolidated line-by-line as of August 2021.

- In January 2022, SAFE S.p.A., a SAFE&CEC Group company controlled by Landi Renzo S.p.A., acquired 90% of the share capital of Idro Meccanica S.r.l., a leader in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas which includes amongst its customers the main operators in hydrogen production and distribution, and boasts of a full range of products and applications to manage hydrogen compression up to 700 bars; the acquisition of the remaining 10% of the share capital is already contractually established and will be carried out in the coming months. The total price for the acquisition of 100% of the share capital was Euro 6,400 thousand.
- In February 2022 Landi Renzo S.p.A. completed the acquisition of an additional 23.43% of the share capital of Metatron S.p.A., so it now holds a 72.43% stake in that company. The acquisition is part of a more extensive transaction for the acquisition of 100% of the share capital of Metatron. For the payment of the total consideration to the minority shareholders and Italy Technology Group S.r.l., amounting to Euro 18,062 thousand, Girefin S.p.A., the controlling shareholder of Landi Renzo S.p.A., made a lump-sum amount available to the Company corresponding to the entire amount of the above-mentioned consideration by means of a shareholder loan bearing interest at an annual rate of 1% disbursed in February 2022. Pursuant to the related party transaction procedure adopted by the Company, the above-mentioned shareholder loan should be considered “significant” and, as such, it was submitted for a preventive opinion to the Committee for transactions with related parties, consisting exclusively of independent directors, which expressed its favourable opinion on the Company’s interest in entering into the shareholder loan agreement, as well as the cost effectiveness and fairness of the relative conditions.
- In February 2022, following punctual negotiations with the financing institutions, all credit institutions underwriting the loans provided their consent to the requests made by the parent company Landi Renzo S.p.A., issuing waiver letters with respect to the financial covenants as at 31 December 2021, consent to taking out a new planned subsidised medium/long-term loan finalised in 2022 and, with respect to the loan taken out from a pool of banks in 2019, consent to the deferment of the principal instalment falling due on 31 December 2021, which was rescheduled in an equal amount to the following three instalments falling due on 30 June 2022, 31 December 2022 and 30 June 2023. The above-mentioned waiver letters are expressly subject to the finalisation of the share capital increase of the parent company Landi Renzo S.p.A. to be carried out in an amount of at least Euro 25.4 million, by no later than 30 June 2022. As described below in this half-yearly financial report, the expiry of that condition precedent was subsequently extended by the financial institutions to 30 September 2022, considering the timing required for the completion of the share capital increase mentioned above.
- In March 2022, the Board of Directors approved the new 2022-2025 business plan, which forecasts significant Group growth as a strategic specialist in the biomethane and hydrogen segments, offering products throughout the entire value chain, from compression for injection into the network or transport of biomethane and hydrogen, to compression solutions along the pipeline and for distribution, with a complete range for sustainable gas and hydrogen mobility as well, for the OEM channel (Passenger Cars and Mid & Heavy Duty) as well as the After Market channel.
- Also in March 2022, Chairman Stefano Landi informed the Board of Directors Landi Renzo S.p.A. about the signing by the controlling shareholders of Landi Renzo S.p.A. - Girefin S.p.A. and Gireimm S.r.l., which hold a total joint investment of 59.1068% of the share capital of Landi Renzo S.p.A. - of a non-binding term sheet with Itaca Equity Holding S.p.A., which lays the foundation for a minority investment in the share capital of Landi Renzo, as a long-term investor, aiming to support the Landi Renzo Group’s expansion in the compression and

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

- In March 2022, Invitalia (Agenzia Nazionale per l'Attrazione degli Investimenti e lo sviluppo di impresa SpA) disbursed a new loan of Euro 19.5 million in favour of Landi Renzo S.p.A. with a duration of 5 years - of which one year of pre-amortisation - at a facilitated rate, drawn on the Fund Supporting Large Companies in difficulty - art. 37 of Italian Decree-Law no. 41/2021, Italian Interministerial Decree of 5 July 2021 and Italian Executive Decree of 3 September 2021.
- On 28 April 2022, Girefin S.p.A. and Gireimm S.r.l., as majority shareholders of Landi Renzo S.p.A., and Itaca Equity Holding S.p.A. entered into an investment agreement governing the terms and conditions relating to the finalisation of an indirect minority investment of Itaca Equity Holding S.p.A. in Landi Renzo S.p.A., to be carried out through a newly established company ("NewCo"), aimed at supporting an investment plan by the Landi Renzo Group in the market of systems and components for LPG, CNG, biogas and hydrogen vehicles. The investment agreement establishes that at the transaction closing date, subject to the satisfaction of specific conditions precedent, Girefin S.p.A., Gireimm S.r.l. and Itaca Equity Holding S.p.A. will enter into a shareholders' agreement, which will govern the relationships between the parties following the finalisation of the transaction.

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

In brief, the agreements mentioned above establish:

- i. The investment agreement concerns, inter alia, (a) the establishment of the NewCo by Girefin S.p.A. and Gireimm S.r.l. in the form of a joint stock company, (b) the contribution in kind to the NewCo, by Girefin S.p.A. and Gireimm S.r.l. of all shares they hold in the share capital of Landi Renzo S.p.A. and therefore, respectively, the 61,495,130 Landi Renzo S.p.A. shares, equal to 54.662% of the share capital, currently corresponding to 122,990,260 voting rights, equal to 68.709% of the voting rights, held by Girefin S.p.A., and the 5,000,000 Landi Renzo S.p.A. shares, equal to 4.444% of the share capital, currently corresponding to 10,000,000 voting rights, equal to 5.587% of the voting rights, held by Gireimm S.r.l., as well as (c) the

subscription in cash, by Itaca Equity Holding S.p.A., of an indivisible share capital increase reserved to it in the NewCo, for an amount of up to Euro 39.4 million, inclusive of any share premium.

- ii. The shareholders' agreement concerns, inter alia, NewCo governance and share transfers, and contains terms and conditions that are significant pursuant to art. 122, paragraphs 1 and 5 of the TUF. The shareholders' agreement concerns the following equity investments: (i) the equity investment which, on finalisation of the transaction, Girefin S.p.A. and Gireimm S.r.l. will hold in the NewCo, overall equal to at least 51% of the relative share capital and (ii) the equity investment which, on finalisation of the transaction, Itaca Equity Holding S.p.A. will hold, directly or indirectly, in the NewCo, in any case not to exceed 49% of the relative share capital.
 - iii. The special shares investment agreement concerns the investment of Cristiano Musi in the NewCo, through the subscription and full payment in cash of an indivisible share capital increase which will be approved by the NewCo and reserved to him, for the amount of Euro 300 thousand.
- On 29 April 2022, the Ordinary Shareholders' Meeting of Landi Renzo S.p.A.:
 - approved the Financial Statements at 31 December 2021 and approved covering the loss for the year of Euro 9,130,903.21 by using the Share premium reserve;
 - appointed the Board of Directors for the 2022-2024 three-year period, consisting of 9 members and led by Chairman Stefano Landi;
 - appointed the Board of Statutory Auditors for the 2022-2024 three-year period;
 - approved the first section of the Report on Remuneration and also expressed its opinion in favour of the second section, approved by the Board of Directors on 29 March 2022 and drafted pursuant to articles 123-ter of Italian Legislative Decree 58/98 and 84-quater of the regulation approved with Consob resolution no. 11971 of 19 May 1999;
 - approved pursuant to article 114-bis of Italian Legislative Decree no. 58 of 24 February 1998 the medium/long-term incentive plan based on the assignment of Landi Renzo S.p.A. ordinary shares.

In extraordinary session, the Shareholders' Meeting also approved the assignment to the Board of Directors of the right, pursuant to article 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches, up to a maximum equivalent value (inclusive of any share premium) of Euro 60 million, by means of the issue of ordinary shares with the same characteristics as those outstanding, to be offered as an option to the shareholders pursuant to article 2441 of the Italian Civil Code, to be freed up by contributions in cash as well as by voluntary offsetting, pursuant to article 1252 of the Italian Civil Code, of receivables due to the subscribers from the Company, to be subscribed in any event by 31 December 2023, with all of the most extensive rights to establish, from time to time, in compliance with the limits set forth above, the methods, terms and conditions of the transaction, including entitlement, without prejudice to the fact that (a) the newly issued ordinary shares will have the same characteristics as those outstanding and will be offered as an option to the shareholders in proportion with the equity investment held, and (b) the newly issued ordinary shares will be offered at the price (inclusive of any share premium) that will be established by the Board of Directors when it exercises the delegation, equal to the lesser between: (i) Euro 0.60 per ordinary share; and (ii) the price per ordinary share to be calculated by applying a 15% discount on the TERP (Theoretical Ex-Right Price) in turn determined on the basis of the weighted average trading price of Landi Renzo ordinary shares in the 5 trading days prior to the date on which the price is set. The share capital increase transaction described above was successfully concluded on 7 September 2022 with the subscription of 98.36% of the available offer.

The Board of Directors confirmed Stefano Landi as Executive Chairman, appointed Sergio Iasi as Vice Chairman and confirmed Cristiano Musi as Chief Executive Officer and General Manager.

- In June 2022, Landi Renzo S.p.A. and a pool of lending banks (same counterparties as those disbursing the pool loan taken out on 26 June 2019 and the loan backed by the SACE guarantee taken out on 30 July 2020) entered into two new loan agreements for a total of Euro 73 million, in order to replace the loan backed by the SACE guarantee and extinguish the pool loan. In particular:
 - I. a new loan agreement backed by the SACE guarantee (effective as of 29 June 2022) which, for the same financed amount (Euro 21 million), calls for the deferral of the pre-amortisation period of 24 months and repayment of the final instalment on 31 March 2028;
 - II. a new pool loan agreement, for a financed amount of Euro 52 million (compared with the remaining Euro 46 million on the current pool loan agreement), which calls for a 24-month pre-amortisation period and repayment of the final instalment of Euro 20.5 million in June 2027. The effectiveness of that agreement is subject to the condition precedent of the performance of the above-mentioned share capital increase by 30 September 2022 in an amount of at least Euro 50 million; in this regard, please note that on 7 September 2022 the auction was concluded on the rights not exercised, so that the share capital increase has currently been subscribed for a total of Euro 58,647 thousand, with the issue of 110,655,272 new shares.

The new agreements call for the calculation of financial parameters (NFP/EBITDA) starting from the calculation date of 31 December 2022.

- Also in June 2022, following punctual negotiations with the financing institutions, all credit institutions underwriting the loans provided their consent to the requests made by the parent company Landi Renzo S.p.A., issuing waiver letters with respect to the financial covenants as at 30 June 2022. The above-mentioned waiver letters are expressly subject to the condition of the finalisation of the share capital increase transaction of the parent company Landi Renzo S.p.A., to be carried out in an amount of at least Euro 50 million, by no later than 30 September 2022, de facto extending the expiry of the condition precedent set forth in the waiver letters issued in February 2022, considering the timing required for the completion of the share capital increase transaction by 30 September 2022; in this regard, please note that on 7 September 2022 the auction was concluded on the rights not exercised, so that the share capital increase has currently been subscribed for a total of Euro 58,647 thousand, with the issue of 110,655,272 new shares.

2. INTERIM REPORT ON OPERATING PERFORMANCE

This Consolidated Half-Yearly Financial Report at 30 June 2022 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 2021, 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 2021 (as restated following the completion of the purchase price allocation for the Metatron Group combination) 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

Reference context

Never more than in recent years have the green revolution, the energy transition and sustainable mobility been at the heart of the policies of governments all over the world, which are committed to engaging in a global effort against climate change, aimed at reducing the effects of global warming by seeking out new energy and socioeconomic models which, through a structural process, allow for the use of greener energy sources. Specifically, through the European Green Deal and the “Fit for 55” legislative package, the European Union has defined highly ambitious energy and climate targets which will require a reduction in greenhouse gases by 55% by 2030 and climate neutrality by 2050, emphasising the importance of biomethane and hydrogen with the “repowerEu” plan. The United States, China and India have also launched initiatives intended to significantly reduce CO₂ emissions through structural interventions on energy sources. Likewise, the Italian government is laying the foundations of that transition in our country as well through the NRRP (National Recovery and Resilience Plan), which identifies the promotion of the production and use of hydrogen and the development of more sustainable local transport as some of its fundamental pillars of development. One factor which unites governmental policies of the various countries/geographical areas is the increasing focus on the production of electricity from renewable sources, including biomethane, and hydrogen investment policies as a means for favouring the generation and storage of clean energy, with natural gas continuing to play a growing role in energy transition processes.

The Landi Renzo Group’s green ambitions fit well within this context, with a product range aimed at offering technological solutions for the infrastructure required to exploit natural gas, biomethane and hydrogen as well as technologies for transforming mobility towards more sustainable models, generally aimed at the decarbonisation of passenger and cargo transport. Indeed, all of the various forms of gas, in addition to biomethane and hydrogen, represent energy sources that reduce emissions compared to conventional sources, with different levels of penetration depending on geographical area and application type. The Landi Renzo Group is present throughout the natural gas, biomethane and hydrogen value chain, from post-generation compression to components for use in vehicles. Specifically, the Landi Renzo Group is present throughout the value chain for the distribution of natural gas, biomethane and hydrogen with the SAFE&CEC Division, which designs and distributes systems for the compression of those gases from the “post-generation” phase to

fuel supply stations, and at the same time contributes to green mobility by designing, developing and marketing components for vehicles (passenger cars, light commercial vehicles or Mid & Heavy Duty vehicles) fuelled by natural gas, biomethane, liquefied natural gas (LNG), LPG or hydrogen, which are sold directly to vehicle manufacturers, or are sold in kits for bifuel vehicles in the After Market channel.

Over the last few years, the Landi Renzo Group has laid the bases to become a strategic leader in its business segments by offering value added solutions for its customers, also thanks to the investments it has made in the Green Transportation (green mobility) segment - with the acquisition of the Metatron Group in August 2021, which made it possible to strengthen the Group's presence in the OEM (Mid & Heavy Duty) segment and in the "hydrogen" segment - as well as in the Clean Tech Solutions (infrastructure) segment, with the acquisition in January 2022 of Idro Meccanica S.r.l., a leader in the production of innovative hydrogen, biomethane and natural gas compression technologies and systems. These transactions have enabled the Group to access innovative and cutting-edge product portfolios for biomethane and hydrogen solutions as well.

The Group's strategic positioning and the fact that it is considered one of the key players in the energy transition with significant growth outlooks is confirmed by the more than positive outcome of the share capital increase approved by the Shareholders' Meeting on 29 April 2022 for up to Euro 60 million. Although the current period is distinguished by a high degree of economic uncertainty as a result of the current international situation, the share capital increase was successfully concluded on 7 September 2022 with the subscription of 98.36% of the offer, equal to a total equivalent value of Euro 58,647 thousand. This confirms the market's interest in the Landi Renzo Group's business model and the credibility of its 2022-2025 Business Plan, which is based on the growing investments being made at global level in gas, biomethane and hydrogen.

Performance of the first half of 2022

The first half of 2022 was characterised by a general situation of uncertainty caused in particular by the conflict between Russia and Ukraine and the continuation of the effects of COVID in China. Furthermore, procurement difficulties continued – and to a certain extent expanded – due to shortages of electronic components (especially semiconductors) and all components/pre-assembled parts (such as electric engines), alongside issues deriving from rising raw material costs and difficulties in the logistics market, which were joined by the negative effects of rising energy and gas costs, especially in Europe and China. At the same time, interesting positive trends were observed in terms of demand in a number of geographical areas, in both the Green Transportation segment and in Clean Tech Solutions. The economic and financial results of the main subsidiaries in the Green Transportation segment, and in part in the Clean Tech Solutions segment, were influenced by that economic situation which did not allow, on one hand, for a full recovery of margins - especially due to increases in the cost of raw materials not yet completely transferred to customers and production delays caused by supply chain issues - but, on the other hand, recorded some positive signs of a trend reversal compared with the data for the same period of 2021.

In this context, in the first half of 2022 Landi Renzo Group performance was characterised by varying trends depending on business segment.

Despite the scarcity of microchips and other electronic components, which generated temporary closures in the production facilities of our main OEM customers, the consolidated revenues of the Green Transportation segment amounted to Euro 93,484 thousand (inclusive of Euro 6,677 thousand linked to the Metatron Group), up by 22% compared with the first half of the previous year.

In particular, with reference to the OEM channel, the trends observed vary depending on the type of application and the geographical area. While demand for LPG vehicle components has continued to grow in Europe (with new LPG vehicle sales up by 4.7% compared with the first half of the previous year), new natural gas vehicle registrations have marked negative growth, also due to the price of natural gas at the pump, which has discouraged purchases. Growth continues

in the Indian market, which confirms and incentivises the development of ecologically sustainable policies: in the first half of 2022, bi-fuel petrol-CNG vehicles accounted for more than 20% of all vehicles registered.

As concerns Mid & Heavy Duty applications, on one hand, demand for gas-fuelled (both CNG and LNG) vehicle components declined slightly in Europe, and on the other hand there was constant growth in the US market, while demand in China (main manufacturer of Mid & Heavy Duty engines) was heavily impacted by the lockdowns imposed in the course of the first quarter of this year and the increase in the price of LNG, with a drop of roughly 60% in registrations of new heavy duty cargo vehicles.

The Group also recorded a permanent increase in requests for estimates for hydrogen components, in Europe as well as in the United States and China, bearing witness to the strong interest with respect to innovative Group products in a segment with high growth potential.

With regard to the After Market channel, growth in demand resumed for systems and components, particularly in Europe and Turkey, where the cost differential for the use of LPG is particularly advantageous with respect to petrol and diesel, and on the South American continent, where the market is turning out to be sustained.

As regards the Clean Tech Solutions segment, the trend in demand for compression systems continues to be highly promising. Consolidated revenues of that segment amounted to Euro 50,598 thousand as at 30 June 2022 (inclusive of Euro 2,715 thousand relating to Idro Meccanica S.r.l.), up by 18.8% compared with the first half of 2021 (Euro 42,589 thousand on a pro forma basis, or including in the above-mentioned turnover the months from January to April 2021 of the SAFE&CEC Group, not subject to line-by-line consolidation in the previous year). The SAFE&CEC Group – which works in the Clean Tech Solutions segment – indeed continued to grow thanks to sustained demand across all applications. In particular, while demand for compression systems at fuel stations remains constant, significant growth has been observed in demand for compressors for the injection of biomethane into the grid (“grid injection”), used throughout the value chain, as well as hydrogen compression solutions. In this context, at the end of the first half of the year the order portfolio was up significantly with respect to the same period of 2021, with additional commercial negotiations in the advanced discussion phase. On the other hand, difficulties in obtaining electrical components and containers slowed production capacity, with a negative impact on the completion of orders and on growth in working capital. Raw material prices and logistics costs also impacted margins, which however remained positively aligned with the year 2021, equal to 6.4% of turnover in terms of adjusted EBITDA (Euro 3,226 thousand as at 30 June 2022 pro forma).

India deserves a specific comment, as it continues to be one of the countries in which gas mobility, for the Green Transportation segment as well as the Clean Tech Solutions segment, will develop over the coming years at a more sustained pace, thanks to Indian government policies for the development of natural gas-based sustainable mobility. In this context, Krishna Landi Renzo, an Indian joint venture consolidated with the equity method, continued to increase its sale volumes to a leading Indian OEM customer in the first six months of 2022, recording revenue of Euro 15 million, up by 40% compared with 30 June 2021.

Over recent months, the Group’s Top Management was indeed reinforced with the entry of a Group Chief Transformation & People Officer ad Interim and a Group Chief Operation Officer. In both cases, these are figures of high professional standing, with significant experience in transformation and value creation projects, who will report directly to the Chief Executive Officer. Furthermore, in August a Boost Plan was launched to improve the Group’s performance already in the second half of the year, with structural interventions for the recovery of margins and to improve the management of working capital and cash generation.

Confirming the Landi Renzo Group’s appealing prospects as a player in the energy transition, in both the Green Transportation and Clean Tech Solutions segments, in April Girefin S.p.A. and Gireimm S.r.l., which jointly hold

59.1068% of Landi Renzo S.p.A., entered into an investment agreement for the investment in Landi Renzo S.p.A. of Itaca Equity Holding S.p.A., a top-tier private equity financial operator, as a medium/long-term minority investor.

Against that agreement, on 29 April 2022 the Shareholders' Meeting of Landi Renzo S.p.A. approved a share capital increase for up to Euro 60 million. The share capital increase, which is one of the actions included in the new 2022-2025 business plan, aims to provide the Landi Renzo Group with the necessary funding to support the investment plan, which also includes external investment, in market segments expected to have the most growth, such as biomethane and hydrogen. On 4 August 2022, the offer under option period concluded with the exercise of a total of 107,781,064 option rights valid for the subscription of 107,781,064 new shares, equal to roughly 95.805% of the total of new shares, for a total equivalent value of Euro 57,124 thousand. GbD Green by Definition S.p.A. (Newco to which Girefin S.p.A. and Gireimm S.p.A., as part of the share capital increase transaction and the investment of Itaca Equity Holding S.p.A., transferred the shares they held in Landi Renzo S.p.A.) subscribed its portion of the capital increase (equal to around 59.1068%) pursuant to the subscription commitment made, for a total equivalent value of roughly Euro 35.2 million, of which around Euro 17.1 million by means of a contribution in cash and Euro 18.1 million by means of voluntary offsetting. The rights not exercised, equal to 4,718,936, corresponding to roughly 4.195% of the total and a total equivalent value of Euro 2,501 thousand, were offered on the Stock Exchange via an auction, pursuant to art. 2441, paragraph 3, of the Italian Civil Code, through Equita SIM S.p.A. On 7 September 2022, following the sale during the Stock Exchange trading day of 6 September 2022 of all 4,718,936 option rights not exercised during the offer under option period, 2,874,208 newly issued Landi Renzo ordinary shares were subscribed, as resulting from the exercise of the non-exercised rights, for an equivalent value of Euro 1,523 thousand. Taking into account that during the offer under option period 107,781,064 newly issued shares were subscribed, amounting to 95.805% of the total of the newly issued shares resulting from the share capital increase under option, a total of 110,655,272 newly issued shares were therefore subscribed, equal to roughly 98.360% of the shares offered as part of the share capital increase, for a total equivalent value of Euro 58,647 thousand. As set forth in the resolution of the Company's Shareholders' Meeting of 29 April 2022, the Board of Directors is entitled to decide how to place the remaining up to 1,844,728 newly issued shares resulting from the share capital increase, to be subscribed by 31 December 2023.

The positive result of the offer under option, despite the period of strong uncertainty, demonstrates how the financial markets believe in the solidity of the business model of Landi Renzo and its role as a key player in the global energy transition process, thanks to a robust and credible business plan, which bets on the fundamental role to be played by gas, biomethane and hydrogen.

Also in this context and in order to further strengthen the Group's financial structure and make it more consistent with the flows expected from the 2022-2025 Business Plan, in June 2022 two new loan agreements were entered into, namely:

- a new loan agreement backed by the SACE guarantee (effective as of 29 June 2022) which, for the same financed amount (Euro 21 million), calls for the deferral of the pre-amortisation period of 24 months and repayment of the final instalment on 31 March 2028;
- a new pool loan agreement, for a financed amount of Euro 52 million (compared with the remaining Euro 46 million on the current pool loan agreement), which calls for a 24-month pre-amortisation period and repayment of the final instalment of Euro 20.5 million in June 2027. The effectiveness of that agreement is subject to the condition precedent of the performance of the above-mentioned share capital increase by 30 September 2022 in an amount of at least Euro 50 million; in this regard, please note that on 7 September 2022 the auction was concluded on the rights not exercised, so that the share capital increase has currently been subscribed for a total of Euro 58,647 thousand, with the issue of 110,655,272 new shares.

The new agreements call for the calculation of financial parameters (NFP/EBITDA) starting from the calculation date of 31 December 2022.

Consolidated results as at 30 June 2022

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

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

Furthermore, in January 2022, SAFE S.p.A. acquired 90% of the share capital of Idro Meccanica S.r.l., a leader in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas, which boasts of a full range of products and applications to manage hydrogen compression up to 700 bars. The total price for the acquisition of 100% of the share capital, which already contractually establishes the acquisition of the remaining 10% of the share capital, was Euro 6,400 thousand.

Following the change in the scope of consolidation, due to the line-by-line consolidation as of May 2021 of the results of the SAFE&CEC Group and as of August 2021 of the results of the Metatron Group and the consolidation as of January 2022 of Idro Meccanica S.r.l., the consolidated profit and loss as at 30 June 2022 is not directly comparable with that of the same period of the previous year.

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

(Thousands of Euro)	30/06/2022				30/06/2021			
	Green Transportation	Clean Tech. Solutions	Adjustments	Landi Renzo Consolidated	Green Transportation	Clean Tech. Solutions	Adjustments	Landi Renzo Consolidated
Net sales outside the Group	93,848	50,598		144,446	76,941	19,021		95,962
Intersegment sales	210		-210		80		-80	
Total Revenues from net sales and services	94,058	50,598	-210	144,446	77,021	19,021	-80	95,962
Other revenues and income	350	134		484	629	245		874

Operating costs	-91,093	-47,506	210	-138,389	-75,909	-16,529	80	-92,358
Adjusted gross operating profit	3,315	3,226	0	6,541	1,741	2,737	0	4,478
Non-recurring costs	-1,123	-110		-1,233	-750	-166		-916
Gross operating profit	2,192	3,116	0	5,308	991	2,571	0	3,562
Amortisation, depreciation and impairment	-7,320	-1,404		-8,724	-6,664	-412		-7,076
Net operating profit	-5,128	1,712	0	-3,416	-5,673	2,159	0	-3,514
Financial income				55				86
Financial expenses				-3,531				-1,937
Exchange gains (losses)				826				-595
Income (expenses) from equity investments				-138				8,783
Income (expenses) from joint ventures measured using the equity method				143				-138
Profit (loss) before tax				-6,061				2,685
Taxes				-557				-627
Net profit (loss) for the Group and minority interests, including:				-6,618				2,058
Minority interests				214				517
Net profit (loss) for the Group				-6,832				1,541

Consolidated revenues for the first six months of 2022 totalled Euro 144,446 thousand, increasing by Euro 48,484 thousand (+50.5%) compared with the same period of the previous year. On a like-for-like basis, the increase in consolidated revenues was +12% compared with the first half of 2021.

Costs of raw materials, consumables and goods and changes in inventories increased overall from Euro 59,643 thousand at 30 June 2021 to Euro 87,949 thousand at 30 June 2022, influenced by the change in the scope of consolidation described above as well as the international increase in prices of raw materials and electronic components.

The costs of services and use of third-party assets amounted to Euro 26,836 thousand, compared with Euro 17,841 thousand in the first six months of the previous year. Costs for services and use of third party assets as at 30 June 2022 are inclusive of non-recurring expenses relating to strategic consulting (Euro 355 thousand).

Personnel costs rose from Euro 14,436 thousand as at 30 June 2021 to Euro 22,515 thousand as at 30 June 2022. Net of the change in the scope of consolidation described above, personnel costs would have been up by 5.9% compared with the same period of the previous year following the greater recourse made to temporary labour, which was required to handle the production peaks linked to the increase in orders. The Group had a total of 965 employees, including 362 relating to the SAFE&CEC Group and 93 relating to the Metatron Group. The Group heavily invested in highly specialised resources to support the increasing research and development performed for new products and solutions, particularly for the Heavy Duty market and hydrogen and biomethane mobility, capitalised when they meet the requirements laid out in IAS 38.

Allocations, write-downs and other operating expenses totalled Euro 2,322 thousand (Euro 1,354 thousand as at 30 June 2021), up due to the change in the scope of consolidation as well as:

- provisions for warranties, directly linked to turnover trends;
- the provision for bad debts (Euro 563 thousand), of which Euro 450 thousand prudential and non-recurring, recognised by the management on the Group's receivables due from Russian and Ukrainian customers, considering the most recent developments in the conflict;
- the provision for customer penalties (Euro 323 thousand), recognised by the management for disputes received from a South American customer on delivery delays not attributable to the Group.

The adjusted Gross Operating Profit (EBITDA) was Euro 6,541 thousand as at 30 June 2022, compared with Euro 4,478 thousand in the same period of the previous year, while the Gross Operating Profit (EBITDA) was Euro 5,308 thousand (Euro 3,562 thousand as at 30 June 2021), inclusive of non-recurring costs of Euro 1,233 thousand (Euro 916 thousand as at 30 June 2021).

(Thousands of Euro)	30/06/2022	30/06/2021	Change
NON-RECURRING COSTS			
Strategic consultancy	-355	-455	100
Extraordinary accruals - Ukraine and Russia	-450	0	-450
Customer penalties for delivery delays	-323	0	-323
Personnel for voluntary resignation incentives	0	-312	312
Medium/long-term performance bonus	0	-88	88
Other extraordinary costs	-105	-61	-44
Total	-1,233	-916	-317

The Net Operating Profit (EBIT) for the period was negative at Euro 3,416 thousand (negative and equal to Euro 3,514 thousand at 30 June 2021), after accounting for amortisation, depreciation and impairment of Euro 8,724 thousand (Euro 7,076 thousand at 30 June 2021), of which Euro 1,757 thousand due to the application of IFRS - 16 Leases (Euro 1,244 thousand at 30 June 2021).

Total financial expenses (interest income, interest charges and exchange rate differences) amounted to Euro 2,650 thousand (Euro 2,446 thousand as at 30 June 2021) and include positive exchange effects of Euro 826 thousand (negative and equal to Euro 595 thousand as at 30 June 2021). Financial expenses alone, amounting to Euro 3,531 thousand, rose compared with the same period of the previous year (Euro 1,937 thousand) following the line-by-line consolidation of the SAFE&CEC Group, the Metatron Group and Idro Meccanica S.r.l., as well as due to the recognition in accordance with IFRS 9 of the new loan agreement backed by the SACE guarantee, entered into on 29 June 2022. This agreement, in an equal amount (Euro 21 million) and entered into with the same banking counterparties as the previous agreement, replaces the previous loan agreement guaranteed by SACE (signed on 30 July 2020) and calls for a deferral of the pre-amortisation period of 24 months and the repayment of the final instalment on 31 March 2028. The valuation of this transaction in accordance with the dictates of that standard entailed the recognition of notional financial expenses in the income statement totalling Euro 843 thousand as at 30 June 2022, the effective date of the transaction, with ensuing positive economic effects on subsequent years. On a like-for-like basis and without considering the notional effects deriving from the application of IFRS 9 on the new loan backed by the SACE guarantee, financial expenses would amount to Euro 1,909 thousand, substantially in line with the same period of the previous year.

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

The first six months of 2022 closed with a pre-tax loss (EBT) of Euro 6,061 thousand. As at 30 June 2021, there was a pre-tax profit (EBT) of Euro 2,685 thousand, inclusive of income from the business combination of Euro 8,783 thousand, deriving from the line-by-line consolidation starting from April 2021 of the SAFE&CEC Group, previously consolidated with the equity method.

The net result of the Group and minority interests as at 30 June 2022 showed a loss of Euro 6,618 thousand compared with a Group and minority interest profit of Euro 2,058 thousand as at 30 June 2021, inclusive of income from the business combination of Euro 8,783 thousand, as described previously.

SEGMENT REPORTING

The management has identified two operating segments (“Cash Generating Units” or “CGUs”) in which the Landi Renzo Group operates, or:

- The **Green Transportation** (formerly Automotive) segment, referring primarily to the design, manufacture and sale through the OEM and After Market channels of mechanical and electronic systems and components for the use of automotive gas (CNG - Compressed Natural Gas, LNG – Liquid Natural Gas, LPG, RNG – Renewable Natural Gas and hydrogen) as well as, to a lesser extent, anti-theft alarms. This segment mainly includes the Landi Renzo, Metatron, 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. Since January 2022, the Clean Tech Solutions sector also includes the results of Idro Meccanica S.r.l., a leader in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas.

Breakdown of sales by business segment

Second quarter of 2022 compared with second quarter of 2021

(Thousands of Euro)						
Distribution of revenues by segment	Q2 2022	% of revenues	Q2 2021	% of revenues	Change	%
Green Transportation segment	47,552	61.3%	43,682	69.7%	3,870	8.9%
Clean Tech Solutions	29,976	38.7%	19,021	30.3%	10,955	57.6%
Total revenues	77,528	100.0%	62,703	100.0%	14,825	23.6%

First half of 2022 compared with first half of 2021

(Thousands of Euro)

Distribution of revenues by segment	30/06/2022	% of revenues	30/06/2021	% of revenues	Change	%
Green Transportation segment	93,848	65.0%	76,941	80.2%	16,907	22.0%
Clean Tech Solutions	50,598	35.0%	19,021	19.8%	31,577	166.0%
Total revenues	144,446	100.0%	95,962	100.0%	48,484	50.5%

As at 30 June 2022, the Green Transportation segment revenues included revenues earned by the Metatron Group equal to Euro 6,677 thousand, while those of the Clean Tech Solutions segment include revenues earned by Idro Meccanica of Euro 2,715 thousand. As illustrated previously, revenues in the first half of 2021 include the results of the SAFE&CEC Group limited to the months of May and June, as it has been consolidated line by line by the Landi Renzo Group since May.

Breakdown of sales by geographical area

Second quarter of 2022 compared with second quarter of 2021

(Thousands of Euro)

Geographical distribution of revenues	Q2 2022	% of revenues	Q2 2021	% of revenues	Change	%
Italy	9,563	12.3%	6,693	10.7%	2,870	42.9%
Europe (excluding Italy)	32,556	42.0%	29,198	46.6%	3,358	11.5%
America	16,100	20.8%	8,870	14.1%	7,230	81.5%
Asia and Rest of the World	19,309	24.9%	17,942	28.6%	1,367	7.6%
Total	77,528	100.0%	62,703	100.0%	14,825	23.6%

First half of 2022 compared with first half of 2021

(Thousands of Euro)

Geographical distribution of revenues	At 30/06/2022	% of revenues	At 30/06/2021	% of revenues	Change	%
Italy	16,925	11.7%	10,960	11.4%	5,965	54.4%
Europe (excluding Italy)	64,337	44.5%	47,054	49.0%	17,283	36.7%
America	30,235	20.9%	12,116	12.6%	18,119	149.5%
Asia and Rest of the World	32,949	22.8%	25,832	26.9%	7,117	27.6%
Total	144,446	100.0%	95,962	100.0%	48,484	50.5%

Regarding the geographical distribution of revenues, during the first six months of 2022 the Group realised 88.3% (88.6% at 30 June 2021) of its consolidated revenues abroad (44.5% in Europe and 43.7% outside Europe).

Profitability

Green Transportation operating segment performance

(Thousands of Euro)

GREEN TRANSPORTATION	30/06/2022	30/06/2021	Change	%
Net sales outside the Group	93,848	76,941	16,907	22.0%
Intersegment sales	210	80	130	162.5%
Total Revenues from net sales and services	94,058	77,021	17,037	22.1%
Other revenues and income	350	629	-279	-44.4%
Operating costs	-91,093	-75,909	-15,184	20.0%
Adjusted gross operating profit (EBITDA)	3,315	1,741	1,574	90.4%
Non-recurring costs	-1,123	-750	-373	49.7%
Gross operating profit (EBITDA)	2,192	991	1,201	121.2%
Amortisation, depreciation and impairment	-7,320	-6,664	-656	9.8%
Net operating profit	-5,128	-5,673	545	-9.6%
Adjusted EBITDA margin	3.5%	2.3%		
EBITDA margin	2.3%	1.3%		

Revenues from sales in the Green Transportation segment as at 30 June 2022 amounted to Euro 93,848 thousand (inclusive of revenues of Euro 6,677 thousand of the Metatron Group), up by Euro 16,907 thousand (+22%) thanks to the recovery of the After Market channel in Latam and Asia, as well as increasing orders from a leading OEM customer.

The persistence of logistics sector difficulties, raw material (particularly semiconductor) shortages and increasing energy costs, as well as the climate of uncertainty deriving from the continuing Russia-Ukraine conflict, are continuing to influence the results of components manufacturers throughout the supply chain. This market situation continues to result in increases in the list prices of materials and difficulties in fulfilling outstanding orders.

Group sales in the OEM channel, inclusive of the contribution of the Metatron Group, amounted to Euro 49.2 million (of which Euro 6.7 million due to the change in the scope of consolidation), up by 39% compared with 30 June 2021 thanks to consistent orders from a major OEM customer, which is focusing on LPG bifuel engines to develop its "green" product range, and turnover growth for Mid & Heavy Duty components in the United States.

Sales in the After Market channel, amounting to Euro 44.6 million (up 7% compared with 30 June 2021), primarily relate to orders from distributors and authorised installers, both domestic and foreign, and rose mainly due to the recovery in several Latam and European area markets.

In the After Market channel, after continued updating of sale price lists, margins remained stable with respect to the previous year. On the other hand, in the OEM channel margins are down, linked primarily to the difficulty of adjusting customer price lists to account for the increase in component and raw material prices, only in part offset by improved sales margins on Mid-Heavy Duty components. In any event, negotiations are under way with the main OEM customers in order to adapt sale price lists.

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

(Thousands of Euro)						
GREEN TRANSPORTATION	At 30/06/2022	% of revenues	At 30/06/2021	% of revenues	Change	%
Italy	12,701	13.5%	9,766	12.7%	2,935	30.1%
Europe (excluding Italy)	44,432	47.3%	41,654	54.1%	2,778	6.7%
America	15,213	16.2%	8,691	11.3%	6,522	75.0%
Asia and Rest of the World	21,502	22.9%	16,830	21.9%	4,672	27.8%
Total	93,848	100.0%	76,941	100.0%	16,907	22.0%

Italy

Bucking the new vehicle registration trend (-22.3% according to data from UNRAE - Association of foreign car makers operating in Italy), Group sales in the Italian market grew compared with the same period of the previous year (+30.1%), primarily thanks to the recovery in demand in the After Market channel. The strong increase in CNG prices at the pump had a negative effect on CNG vehicle registrations, offset by the increase in LPG vehicle registrations. Overall, in the first half of 2022, gas-fuelled (CNG and LPG) vehicle registrations represented around 10% of total vehicles registered.

Europe

The rest of Europe represents 47.3% of total sales (54.1% in the first six months of 2021) and is up 6.7% thanks to considerable orders from a major OEM customer, which is basing the development of its “green” product line on LPG bifuel engines, as well as the recovery of the After Market channel. The current semiconductor shortage situation in the market led to temporary suspensions of production, with the resulting postponement of a portion of the orders expected to be delivered during the first half of the year.

America

Sales in the first six months of 2022 on the American continent, amounting to Euro 15,213 thousand (Euro 8,691 thousand at 30 June 2021), marked an increase of 75% thanks to the positive performance of the Latam area, in the After Market channel, and the United States for OEM Mid & Heavy Duty components.

Asia and Rest of the World

The Asian and Rest of the World markets, amounting to 22.9% of total revenue (21.9% in the first six months of 2021) rose by 27.8% thanks to the positive performance of the Asian and North African markets.

Profitability

(Thousands of Euro)						
	Q2 2022	Q1 2022	30/06/2022	Q2 2021	Q1 2021	30/06/2021
Revenues	47,552	46,296	93,848	43,682	33,259	76,941
Adjusted gross operating profit (EBITDA)	1,988	1,327	3,315	1,233	508	1,741
% of revenues	4.2%	2.9%	3.5%	2.8%	1.5%	2.3%
Gross operating profit (EBITDA)	1,645	547	2,192	634	357	991
% of revenues	3.5%	1.2%	2.3%	1.5%	1.1%	1.3%
Net operating profit (EBIT)	-2,076	-3,052	-5,128	-2,694	-2,979	-5,673
% of revenues	-4.4%	-6.6%	-5.5%	-6.2%	-9.0%	-7.4%

Change in Revenues compared with the previous year	3,870	13,037	16,907
Change %	8.9%	39.2%	22.0%

In the first six months of 2022, the adjusted Gross Operating Profit (EBITDA) of the Green Transportation segment, net of non-recurring costs of Euro 1,233 thousand, was positive at Euro 3,315 thousand, equivalent to 3.5% of revenues, up compared with the same period of the previous year (Euro 1,741 thousand, equal to 2.3% of revenues and net of non-recurring costs of Euro 750 thousand).

Despite the current macroeconomic scenario, also penalised by the climate of uncertainty deriving from the Russia-Ukraine crisis, and its effects on gas and energy costs, Green Transportation segment margins recovered, thanks to the good trend of the After Market segment, up in terms of both turnover and margins; in addition to growth in margins from sales of Mid & Heavy Duty components in the OEM channel.

The adjusted Gross Operating Profit (EBITDA) of the Green Transportation segment includes non-recurring provisions of Euro 450 thousand due to the write-down of receivables due from Russian and Ukrainian customers, as well as the provisions recognised for penalties due to delivery delays not directly attributable to Landi Renzo for Euro 323 thousand.

Clean Tech Solutions operating segment performance

(Thousands of Euro)

CLEAN TECH SOLUTIONS	30/06/2022	30/06/2021	Change	%
Net sales outside the Group	50,598	19,021	31,577	166.0%
Intersegment sales	0	0	0	0.0%
Total Revenues from net sales and services	50,598	19,021	31,577	166.0%
Other revenues and income	134	245	-111	-45%
Operating costs	-47,506	-16,529	-30,977	187.4%
Adjusted gross operating profit (EBITDA)	3,226	2,737	489	17.9%
Non-recurring costs	-110	-166	56	-33.7%
Gross operating profit (EBITDA)	3,116	2,571	545	21.2%
Amortisation, depreciation and impairment	-1,404	-412	-992	240.8%
Net operating profit	1,712	2,159	-447	-20.7%
Adjusted EBITDA margin	6.4%	14.4%		
EBITDA margin	6.2%	13.5%		

Following the line-by-line consolidation of the SAFE&CEC Group as of May 2021 and the consolidation of Idro Meccanica S.r.l. as of January 2022, the Clean Tech Solutions segment data are not directly comparable with the same period of the previous year.

To better understand the segment's performance, data are provided below in terms of revenues from sales and adjusted EBITDA for the first six months of 2022 net of the contribution of the newly acquired Idro Meccanica S.r.l., compared with the pro forma data (or inclusive of the results of the months not subject to line-by-line consolidation) for the same period of the previous year.

(Thousands of Euro)

CLEAN TECH SOLUTIONS	30/06/2022 (*)	30/06/2021 (**)	Changes	%
Revenues	47,883	42,589	5,294	12.4%

Adjusted gross operating profit (EBITDA)	3,195	3,353	-158	-4.7%
% of revenues	6.7%	7.9%		
Net operating profit (EBIT)	1,712	1,445	267	18.5%
% of revenues	3.6%	3.4%		

(*) Not including the results of Idro Meccanica S.r.l. as at 30 June 2022

(**) Pro forma to include the months of January-April 2021, not subject to line-by-line consolidation

Sales revenues

In the first six months of 2022, the Clean Tech Solutions segment recorded Revenues of Euro 47,883 thousand (net of revenues of Idro Meccanica S.r.l. amounting to Euro 2,715 thousand), up by 12.4% compared with the same period of the previous year (Euro 42,589 thousand), confirming the growing interest in gas mobility on the part of many countries, which are strengthening their distribution networks. This result is of particular interest considering the difficulties identified during the first half of the year in obtaining the components necessary to make progress on and complete orders.

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

Revenue by geographical area

(Thousands of Euro)		
CLEAN TECH SOLUTIONS	At 30/06/2022	% of revenues
Italy	4,223	8.4%
Europe (excluding Italy)	19,905	39.3%
America	15,022	29.7%
Asia and Rest of the World	11,448	22.6%
Total	50,598	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 America and Europe area, primarily due to the contracts intended for those markets, particularly for biogas solutions.

Profitability

(Thousands of Euro)				
CLEAN TECH SOLUTIONS	30/06/2022	30/06/2021	Changes	%
Revenues	50,598	19,021	31,577	166.0%
Adjusted gross operating profit (EBITDA)	3,226	2,737	489	17.9%
% of revenues	6.4%	14.4%		
Gross operating profit (EBITDA)	3,116	2,571	545	21.2%
% of revenues	6.2%	13.5%		
Net operating profit (EBIT)	1,712	2,159	-447	-20.7%
% of revenues	3.4%	11.4%		

The adjusted Gross Operating Profit (EBITDA) totalled Euro 3,226 thousand, equal to 6.4% of revenues, while the Net Operating Profit (EBITDA) amounted to Euro 3,116 thousand and the Net operating profit (EBIT) came to Euro 1,712 thousand. Following the line-by-line consolidation of the SAFE&CEC Group as of May 2021 and the acquisition of Idro Meccanica S.r.l. as of January 2022, the results for the first half of the year are not comparable with those of the previous half-year.

Despite the increase in component costs, the stability of margins of the SAFE&CEC Group already seen starting from the second half of the previous year was in any event confirmed, linked to the positive effects deriving from product standardisation.

Invested capital

(Thousands of Euro)			
Statement of Financial Position	30/06/2021	31/12/2021 restated	30/06/2021
Trade receivables	64,074	66,048	58,872
Inventories and contract work in progress	109,953	84,549	80,409
Trade payables	-88,344	-82,886	-81,595
Other net current assets (liabilities) (*)	-18,257	-13,820	-13,106
Net operating capital	67,426	53,891	44,580
Tangible fixed assets	14,376	14,977	13,927
Intangible assets	110,683	105,021	83,346
Right-of-use assets	15,105	11,991	10,273
Other non-current assets	17,364	18,160	17,179
Fixed capital	157,528	150,149	124,725
TFR (employee severance indemnity) and other provisions	-10,193	-9,964	-7,584
Net invested capital	214,761	194,076	161,721
Financed by:			
Net Financial Position (**)	158,735	133,493	99,554
Group shareholders' equity	49,496	54,845	57,424
Minority interests	6,530	5,738	4,743
Borrowings	214,761	194,076	161,721
Ratios	30/06/2021	31/12/2021 restated	30/06/2021
Net operating capital	67,426	53,891	44,580
Net operating capital/Turnover (rolling) (***)	22.9%	19.4%	17.8%
Net invested capital	214,761	194,076	161,721
Net invested capital/Turnover (rolling) (***)	73.0%	69.8%	64.8%

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

(**) The net financial position at 30 June 2022 is inclusive of Euro 15,965 thousand for financial liabilities for rights of use deriving from the application of IFRS 16 - Leases, a positive Euro 888 thousand for derivative financial instruments plus Euro 7,374 thousand relating to the payable for the acquisition of Metatron and Euro 640 thousand relating to the payable for the acquisition of Idro Meccanica

(***) In order to calculate the indicator in question at 30 June 2022, the figure relating to rolling 12-month revenue was expressed pro forma taking into consideration changes in the scope of consolidation over the last 12 months.

Net operating capital at the end of the period stood at Euro 67,426 thousand. This is an increase compared with the same figure at 31 December 2021 (Euro 53,891 thousand). In terms of percentages on pro forma rolling turnover, there was an increase in this figure, from 19.4% as at 31 December 2021 to the current 22.9% (17.8% as at 30 June 2021). This growth is primarily due to the increase in inventories and contract work in progress, which rose from Euro 84,549 thousand as at 31 December 2021 to Euro 109,953 thousand as at 30 June 2022, primarily due to:

- higher acquisitions of electronic components and other strategic components, in order to handle the current procurement difficulties linked to the shortage of raw materials in the market and intended to guarantee production continuity;
- the increase in contract work in progress of the Clean Tech Solutions segment due to delays in the completion of several orders following difficulties in obtaining components and electrical panels;
- line-by-line consolidation of Idro Meccanica S.r.l., with an effect of Euro 4.7 million.

Trade receivables stood at Euro 64,074 thousand (of which Euro 17,848 thousand relating to the Clean Tech Solutions segment and Euro 6,313 thousand relating to the Metatron Group), substantially aligned with 31 December 2021 (Euro 66,048 thousand, of which Euro 17,557 thousand relating to the Clean Tech Solutions segment and Euro 7,751 thousand to the Metatron Group). At 30 June 2022, derecognised receivables disposed through maturity factoring stood at Euro 12.3 million (Euro 12.2 million at 31 December 2021).

Trade payables are up by Euro 5,458 thousand from Euro 82,886 thousand as at 31 December 2021 to Euro 88,344 thousand as at 30 June 2022 (of which Euro 27,894 thousand relating to the Clean Tech Solutions segment and Euro 3,552 thousand to the Metatron Group) due to higher acquisitions during the period.

Fixed capital, amounting to Euro 157,528 thousand and inclusive of Euro 15,965 thousand for right-of-use assets recognised pursuant to IFRS 16 – Leases, is basically aligned with the figure as at 31 December 2021.

As at 30 June 2022, TFR (employee severance indemnity) and other provisions totalled Euro 10,193 thousand, basically in line with the previous year (Euro 9,964 thousand).

Net invested capital (Euro 214,761 thousand, equal to 73% of pro forma rolling turnover) is up compared with 31 December 2021 (Euro 194,076 thousand, equal to 69.8% of rolling turnover) following the increase in operating capital, and particularly in inventories.

Net financial position and cash flows

(Thousands of Euro)	30/06/2022	31/12/2021 restated	30/06/2021
Cash and cash equivalents	20,694	28,039	20,780

Bank financing and borrowings	-49,849	-103,408	-42,459
Current right-of-use liabilities	-3,190	-2,624	-2,532
Short-term borrowings	-20,298	-274	-605
Net short term indebtedness	-52,643	-78,267	-24,816
Non-current bank loans	-59,467	-10,174	-63,295
Non-current right-of-use liabilities	-12,775	-9,320	-8,576
Other non-current financial liabilities	-26,724	-10,197	-2,584
Assets for derivative financial instruments	888	0	0
Liabilities for derivative financial instruments	0	-99	-283
Net medium-long term indebtedness	-98,078	-29,790	-74,738
commitments for the purchase of equity investments	-8,014	-25,436	0
Net Financial Position	-158,735	-133,493	-99,554
Net Financial Position - adjusted (*)	-135,644	-95,137	-88,163
<i>of which Green Transportation</i>	<i>-118,504</i>	<i>-91,114</i>	<i>-80,196</i>
<i>of which Clean Tech Solutions</i>	<i>-17,140</i>	<i>-4,023</i>	<i>-7,967</i>

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

The Net Financial Position as at 30 June 2022 is equal to Euro 158,735 thousand (Euro 133,493 thousand as at 31 December 2021), of which Euro 15,965 thousand due to the application of IFRS 16 – Leases, a positive Euro 888 thousand due to the fair value of derivative financial instruments and a total of Euro 8,014 thousand due to the remaining payable for the acquisition of the Metatron Group and Idro Meccanica (amounts classified in the item Other current liabilities of the consolidated statement of financial position). Without considering the effects arising from the adoption of this accounting standard, the fair value of derivative financial instruments and the remaining payable for the acquisition of equity investments, the adjusted Net Financial Position as at 30 June 2022 would have been equal to Euro 135,644 thousand, of which Euro 118,504 thousand linked to the Green Transportation segment and Euro 17,140 thousand to the Clean Tech Solutions segment.

At 30 June 2022, commitments for the purchase of equity investments amounted to Euro 8,014 thousand, of which Euro 7,324 thousand relating to the payable for the acquisition of the remaining 27.57% of the shares of Metatron S.p.A. and Euro 640 thousand relating to the remaining payable for the acquisition of the remaining 10% of Idro Meccanica S.r.l.

As concerns the Net Financial Position of the Green Transportation segment, the payable for commitments for the purchase of equity investments, equal to Euro 25,436 at 31 December 2021, related to the remaining payable to Italy Technology Group S.r.l. and the minority shareholders of Metatron for the acquisition of 100% of the respective shares. In the course of the first quarter of 2022, Girefin S.p.A. granted a Euro 18,062 thousand loan to Landi Renzo S.p.A. to finance the acquisition by Landi Renzo S.p.A. of an additional 23.43% of the share capital of Metatron S.p.A., after which time it came to hold 72.43% of the shares of Metatron S.p.A. This loan, bearing interest at the rate of 1%, was classified in “Other current financial liabilities” as at 30 June 2022, as it was planned to be voluntarily set off, pursuant to article 1252 of the Italian Civil Code, as part of the share capital increase transaction (which actually took place by the end of September 2022).

Albeit with no effects on the overall Net financial position, this entailed an increase of an equal amount in the adjusted Net financial position.

(Thousands of Euro)

GREEN TRANSPORTATION NET FINANCIAL POSITION	30/06/2022	31/12/2021 restated	Delta
Net Financial Position - adjusted	-118,504	-91,114	-27,390
Metatron acquisition normalisation	18,062	0	18,062
Net Financial Position - adjusted normalised	-100,442	-91,114	-9,328

Net of this effect, the adjusted Net financial position of the Green Transportation segment was up with respect to 31 December 2021 by Euro 9,328 thousand, primarily linked to the increase in operating capital, and particularly inventories, as well as investments for the period.

The increase in the adjusted Net Financial Position of the Clean Tech Solutions segment, amounting to Euro 13,117 thousand, is due to the acquisition of Idro Meccanica S.r.l. (for Euro 5.8 million) and the increase in operating capital, and particularly inventories and contract work in progress.

The following table illustrates the trend in total cash flow:

(Thousands of Euro)	30/06/2022	31/12/2021 restated	30/06/2021
Gross operational cash flow	-9,762	7,390	-1,964
Cash flow for investment activities	-3,970	-8,107	-3,830
Gross Free Cash Flow	-13,732	-717	-5,794
Variation in the consolidation area	-23,323	3,575	2,966
Non-recurring expenditure for voluntary resignation incentives	0	-425	-312
Net Free Cash Flow	-37,055	2,433	-3,140
Repayment of leases (IFRS 16)	-1,955	-3,473	-1,332
Overall cash flow	-39,010	-1,040	-4,472

In the first six months of 2022, cash absorption amounted to Euro 38,120 thousand (absorption of Euro 4,472 thousand in the first six months of 2021), primarily linked to financial outflows relating to the acquisitions of Idro Meccanica S.r.l. (Euro 5,760 thousand) and Metatron (Euro 18,062 thousand), the latter reflected in "Variation in the consolidation area". Net of these effects, the Group would have recorded cash absorption of Euro 14,797 thousand, primarily generated by the increase in net working capital, and particularly inventories and contract work in progress.

In order to further strengthen the Group's financial structure and make it more consistent with the flows expected from the 2022-2025 Business Plan, in June 2022 two new loan agreements were entered into, namely:

- a new loan agreement backed by the SACE guarantee (effective as of 29 June 2022) which, for the same financed amount (Euro 21 million), calls for the deferral of the pre-amortisation period of 24 months and repayment of the final instalment on 31 March 2028;
- a new pool loan agreement, for a financed amount of Euro 52 million (compared with the remaining Euro 46 million on the current pool loan agreement), which calls for a 24-month pre-amortisation period and repayment of the final instalment of Euro 20.5 million in June 2027. The effectiveness of that agreement is subject to the condition precedent of the performance of the above-mentioned share capital increase by 30 September 2022 in an amount of at least

Euro 50 million; in this regard, please note that on 7 September 2022 the auction was concluded on the rights not exercised, so that the share capital increase has currently been subscribed for a total of Euro 58,647 thousand, with the issue of 110,655,272 new shares.

The new agreements call for the calculation of financial parameters (NFP/EBITDA) starting from the calculation date of 31 December 2022.

In June 2022, following punctual negotiations with the financing institutions, all credit institutions underwriting the loans provided their consent to the requests made by the parent company Landi Renzo S.p.A., issuing waiver letters with respect to the financial covenants as at 30 June 2022. The above-mentioned waiver letters are expressly subject to the condition of the finalisation of the share capital increase transaction of the parent company Landi Renzo S.p.A., to be carried out in an amount of at least Euro 50 million, by no later than 30 September 2022; in this regard, please note that on 7 September 2022 the auction was concluded on the rights not exercised, so that the share capital increase has currently been subscribed for a total of Euro 58,647 thousand, with the issue of 110,655,272 new shares.

Share capital increase

Due to the investment agreement entered into in April 2022 between Girefin Spa, Gireimm Srl and Itaca Equity Holding SpA, as described above, the Shareholders' Meeting of Landi Renzo S.p.A. approved a share capital increase for up to Euro 60 million, which is one of the actions included in the new 2022-2025 business plan, and aims to provide the Landi Renzo Group with the necessary funding to support the investment plan, which also includes external investment, in market segments expected to have the most growth, such as biomethane and hydrogen. The share capital increase was guaranteed up to Euro 50 million following the commitment made by TIP - Tamburi Investment Partners S.p.A., the single largest shareholder of Itaca Equity Holding S.p.A., to guarantee in cash the entire share attributable to Itaca Equity Holding S.p.A., and the commitment made by Girefin S.p.A. and Gireimm S.r.l. to guarantee, through the voluntary offsetting of part of the receivable, the capital portion necessary to guarantee the share capital increase up to Euro 50 million to complement the guarantee commitment assumed by TIP - Tamburi Investment Partners S.p.A.

In execution of the investment agreement:

- (i) on 13 June 2022, the NewCo GbD Green by definition S.p.A. was established, to which on 1 July 2022 Girefin S.p.A and Gireimm S.r.l. contributed the Landi Renzo S.p.A. shares they held, in addition to the receivable owed to it and deriving from the interest bearing shareholder loan disbursed by Girefin S.p.A. in the amount of roughly Euro 18.1 million;
- (ii) On 11 July 2022, the Landi Renzo S.p.A. Board of Directors executed the delegation relating to the share capital increase and approved the terms, final conditions and calendar of the paid share capital increase, on the basis of the criteria set by the Extraordinary Shareholders' Meeting of 29 April 2022 in a total maximum amount of Euro 59,625 thousand by issuing up to 112,500,000 ordinary shares, with a nominal value of Euro 0.10, and with regular dividend entitlement, to be offered under option to the shareholders at the ratio of 1 new share for every 1 ordinary share held, at a unit issue price of Euro 0.53, determined by the Board of Directors by applying, on the basis of the Extraordinary Shareholders' Meeting resolution of 29 April 2022, a discount of 16.09% on the theoretical ex right price (TERP) of the Landi Renzo ordinary shares, calculated in accordance with current methodologies on the basis of the weighted average trading price of Landi Renzo ordinary shares in the 5 previous trading days, i.e., 4 July 2022 to 8 July 2022.
- (iii) on 13 July 2022, Consob approved - with note no. 0458563/22 of 13 July 2022 - the EU Recovery Prospectus relating to the offer under option and the admission to trading on the Euronext STAR Milan market organised and managed by Borsa Italiana S.p.A. of Landi Renzo shares.

(iv) on 14 July 2022, the Extraordinary Shareholders' Meeting of GbD Green by Definition S.p.A. approved the share capital increase reserved to Itaca Gas S.r.l., a company wholly owned by Itaca Equity Holding S.p.A., for a total of Euro 33,500 thousand, and E.M.A 2021 S.r.l., a company vehicle controlled by the Chief Executive Officer Cristiano Musi, for a total amount of Euro 300 thousand. On the same date, and simultaneous with the above-mentioned resolutions, Itaca Gas S.r.l. and E.M.A. 2021 S.r.l. proceeded with the subscription of the share capital increases reserved to them with the issue of the relative shares. Following such subscriptions, the share capital of GbD Green by Definition S.p.A. is 51.08% held by Girefin and Gireimm, companies associated with the Landi Trust, 48.49% held by Itaca Equity Holding S.p.A. (through the vehicle Itaca Gas S.r.l.) and 0.43% held by E.M.A. 2021 S.r.l. Therefore, the Landi Trust (through Girefin and Gireimm) continues to indirectly hold de jure control over Landi Renzo.

These transactions provided GbD Green by Definition S.p.A. with the necessary funding to subscribe its portion of the share capital increase.

As described above, on 4 August 2022 the offer under option period concluded with the exercise of a total of 107,781,064 option rights valid for the subscription of 107,781,064 new shares, equal to roughly 95.805% of the total of new shares, for a total equivalent value of Euro 57,124 thousand. GbD Green by Definition S.p.A. subscribed its portion of the share capital increase (equal to around 59.1068%) pursuant to the subscription commitment made, for a total equivalent value of roughly Euro 35.2 million, of which around Euro 17.1 million by means of a contribution in cash and Euro 18.1 million by means of voluntary offsetting.

The offer of the non-exercised rights concluded on 7 September 2022 with the subscription of 2,874,208 shares for an equivalent value of Euro 1,523 thousand. Overall, the share capital increase concluded with a total subscription of 98.35% of the offer, for an equivalent value of Euro 58,674 thousand.

The highly positive result of the offer under option, despite the period of strong uncertainty, demonstrates how the financial markets believe in the solidity of the business model of Landi Renzo and its role as a key player in the global energy transition process, thanks to a robust and credible business plan, which bets on the fundamental role to be played by gas, biomethane and hydrogen.

With respect to the main downstream effects of the share capital increase transaction described above, please also note that in June 2022, following punctual negotiations with the financing institutions, all credit institutions underwriting the loans provided their consent to the requests made by the parent company Landi Renzo S.p.A., issuing waiver letters with respect to the financial covenants as at 30 June 2022. The above-mentioned waiver letters are expressly subject to the finalisation of the share capital increase of the parent company Landi Renzo S.p.A. to be carried out in an amount of at least Euro 50 million, by no later than 30 September 2022. After the operation described above, or the overall subscription equal to 98.35% of the offer, for an equivalent value of Euro 58,674 thousand, bank loans were shown in this half-yearly report consistent with the maturities set forth in the original amortisation plans.

Investments

Investments in property, plant, machinery and other equipment totalled Euro 1,243 thousand (Euro 1,695 thousand as at 30 June 2021) and refer to the investments made by the Group in the new production lines and moulds required to launch new products.

The increase in intangible assets amounted to Euro 2,786 thousand (Euro 2,549 thousand at 30 June 2021) and mainly referred to the capitalisation of costs of development projects relating to new products for the OEM and After Market channels, as well as for the Heavy Duty segment and for Hydrogen mobility as regards the Green Transportation segment and new hydrogen and biomethane products for the Clean Tech Solution segment.

Performance of the Parent Company

In the first six months of 2022, Landi Renzo S.p.A. generated revenues of Euro 68,517 thousand compared with Euro 61,039 thousand in the same period of the prior year. The EBITDA totalled Euro 2,569 thousand (inclusive of Euro 1,068 thousand in non-recurring charges), compared with Euro 499 thousand at 30 June 2021 (of which Euro 674 thousand in non-recurring charges), while the net financial position was Euro -125,854 thousand (Euro -112,961 thousand at 31 December 2021).

At the end of the six-month period, the Parent Company's workforce numbered 291 employees, basically in line with 31 December 2021 (303).

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)	Shareholders' equity at 30.06.2022	Result at 30.06.2022	Shareholders' equity at 30.06.2021	Result at 30.06.2021
RECONCILIATION STATEMENT				
Shareholder's equity and result for the year of the Parent Company	37,791	-5,443	44,772	-6,861
Difference between the carrying amount and pro rata value of the shareholders' equity of consolidated companies	19,204	0	9,981	0
Results achieved by investees	0	-1,263	0	746
Elimination of the effects of intra-group commercial transactions	-602	32	-625	51
Exchange gains and losses from the measurement of intra-group loans	0	0	-353	0
Elimination of revaluation/(impairment loss) on investments	0	0	0	-658
Elimination of the effects of intra-group assets	-397	-2	-391	-3
Capital gain from combination	0	0	8,783	8,783
Other minor effects	30	58	0	0
Shareholders' equity and result for the year from Consolidated Financial Statements	56,026	-6,618	62,167	2,058
Shareholders' equity and result for the year of minority interests	6,530	214	4,743	517
Shareholders' equity and result for the year of the Group	49,496	-6,832	57,424	1,541

2.2. INNOVATION, RESEARCH AND DEVELOPMENT

Research and development activities during the first half of 2022 saw the continuation of new projects focusing in particular on systems and components for gas, biomethane and hydrogen, alternatives to fossil fuels that offer significant benefits and advantages, aside from new systems for the OEM - Mid & Heavy Duty channel.

2.3. SHAREHOLDERS AND FINANCIAL MARKETS

The Landi Renzo 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 03 January 2022	0.7742
Price at 30 June 2022	0.6871
Maximum price 2022 (03 January 2022 - 30 June 2022)	0.8334
Minimum price 2022 (03 January 2022 - 30 June 2022)	0.6432
Market Capitalisation at 30 June 2022 (thousands of Euro)	77,299
Group equity and minority interests at 30 June 2022 (thousands of Euro)	56,026
Number of shares representing the share capital	112,500,000

The share capital as at 30 June 2022 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: due to the continuation of the COVID-19 pandemic, the management has been closely monitoring the evolution of the pandemic situation in order to address and prevent the issues generated by its spread and be able to take prompt action with adequate prevention measures, with a view to protecting the health of employees and associates (sanitisation of work environments, distribution of personal protection equipment, social distancing, extended remote working) and operating activities.
 - Russia-Ukraine conflict: on the basis of available information and the fact that exposure to the Russian market is limited for the Landi Renzo Group, there are no particular critical issues to be reported, except for what is described in section 2.5 "other information – Impact of the Russia-Ukraine conflict"

below, on the activities of the Landi Renzo Group. In this regard, please note that the Group will continue to evaluate the upcoming developments of the conflict and the relative impacts, particularly on gas and energy costs.

- Strategic risks relating to the macroeconomic and sector situation and recoverability of intangible assets, particularly goodwill. Intangible assets totalling Euro 125,788 thousand are reported in the condensed half-yearly consolidated financial statements at 30 June 2022, including Euro 11,432 thousand for development expenditure, Euro 80,707 thousand for goodwill, Euro 18,544 thousand for patents and trademarks and also right-of-use assets of Euro 15,105 thousand and net prepaid tax totalling Euro 12,392 thousand.
- 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 49.2 million);
 - 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 at 30 June 2022, all credit institutions underwriting the loans issued waiver letters with respect to the financial covenants as at 30 June 2022.

The Half-Yearly Financial Report at 30 June 2022 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 2021.

2.5. OTHER INFORMATION

Impact of the COVID-19 pandemic on the Condensed Half-Yearly Consolidated Financial Statements at 30 June 2022

The Group continues to carefully monitor the evolution of the COVID-19 pandemic across all of its sites worldwide, promptly taking all prevention, control and limitation measures to protect the health of its employees and collaborators. It should be noted that the lockdowns imposed on several regions of China had negative effects on sales of new heavy duty vehicles in China and on the availability of electronic components, which are generally imported from that country, which are risk factors considered in the 2022-2025 Business Plan. This had particular repercussions on the results of the Metatron Group, a leading player in the Chinese OEM market, and specifically in the Heavy Duty segment.

In the course of the first half of 2022, all of the Group's branches performed their normal operating activities, with the exception of a lockdown period at the company located in China in the area of Shanghai.

Impact of the Russia-Ukraine conflict on the activities of the Landi Renzo Group

In 2021, the turnover with respect to Russia and Ukraine represented around 4% of total consolidated revenues of the Group, while in the first half of 2022, the revenue earned by the Group in Russia and Ukraine accounted for less than 1% of the Group's total turnover. The management believes that the change in the scenario triggered by the Russia-Ukraine conflict does not substantially impact the assumptions and therefore the implementation of the 2022-2025 Business Plan, by virtue of the diversification of the Landi Renzo Group's business in terms of its presence in international markets worldwide and the products offered and technologies developed, as well as the fact that the growth of the Landi Renzo Group is driven, to a considerable extent, by infrastructural investments connected to the energy transition, expected to grow significantly, even in this new context, as they are driven by decarbonisation targets and the resulting focus and acceleration on the introduction of alternative energy sources (including natural gas, biomethane and hydrogen) in the various countries and geographical areas in which the Group operates.

Considering that exposure to the Russian and Ukrainian markets is currently limited for the Landi Renzo Group, the management, in light of the most recent developments in the conflict, has written off the receivables due from Ukrainian customers (Euro 148 thousand) and recognised a prudential write-down (of Euro 302 thousand) on the receivables due from Russian customers, taking into account the specific situation of each of them.

Transactions with related parties

The Landi Renzo Group deals with related parties at conditions considered to be arm's length on the markets in question, taking account of the characteristics of the goods and the services supplied.

Transactions with related parties include:

- the service contracts between Gireimm S.r.l. and Landi Renzo S.p.A. for rent of the property used as the operational headquarters of the Parent Company located in the town of Corte Tegge – Cavriago (RE);
- 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 (RE);
- the service contracts between Gireimm S.r.l. and SAFE S.p.A. for rent of the property used as the operational headquarters of the company located in San Giovanni in Persiceto;

- the service contracts between Reggio Properties LLC, a company in which a stake is held through the parent company Girefin S.p.A., for the rents on properties used by the US company;
- supply of goods to the joint venture Krishna Landi Renzo India Private Ltd Held and to the joint venture EFI Avtosanoat-Landi Renzo LLC;
- the loan granted by Landi Renzo S.p.A. and Krishna Landi Renzo India Private Ltd Held;
- the loan granted by Girefin S.p.A. to Landi Renzo S.p.A. for Euro 18,062 thousand, bearing interest at the rate of 1% and used for the partial payment to Italy Technology Group S.r.l. and minority shareholders for the acquisition of the Metatron Group; transferred by Girefin S.p.A. to GbD Green by Definition S.p.A. on 1 July 2022 as part of the share capital increase transaction.

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. The new procedures, adapted to Consob resolution no. 21624 of 10/12/2020, are 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 period 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 2021 and the first half of 2022 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.

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

- On 1 July 2022, GbD Green by Definition S.p.A., a shareholder that owns 59.1068% of the share capital of Landi Renzo S.p.A. following the contribution to it by Girefin S.p.A. and Gireimm S.p.A. of the shares they held in Landi Renzo S.p.A., made a subscription commitment for a total maximum amount of Euro 50 million, or its portion of the share capital increase (59.1068% of the amount of the share capital increase, equal to roughly Euro 35.2 million), as well as any option rights that have remained unexercised, up to a maximum amount of around Euro 14.8 million. The subscription commitment, subject to the execution of the share capital increase by 30 September 2022, also established that part of its portion of the share capital increase for roughly Euro 18.1 million would be subscribed and executed by means of the voluntary set-off pursuant to article 1252 of the Italian Civil Code of the receivable due from Landi Renzo S.p.A., deriving from the shareholder loan disbursed by Girefin S.p.A. in an equal amount, for the payment of part of the consideration paid to the minority shareholders and Italy Technology Group S.r.l., and subject to transfer by Girefin S.p.A. to GbD Green by Definition S.p.A.
- On 11 July 2022, the Landi Renzo S.p.A. Board of Directors approved the terms, final conditions and calendar of the paid share capital increase, on the basis of the criteria set by the Extraordinary Shareholders' Meeting of 29 April 2022 and in light of the adjustments made for technical reconciliation reasons, for a total maximum amount of Euro 59,625,000. The share capital increase will be carried out by issuing up to 112,500,000 ordinary shares, with a nominal value of Euro 0.10, and with regular dividend entitlement, to be offered under option to the shareholders at the ratio of 1 new share for every 1 ordinary share held, at a unit issue price of Euro 0.53, including the share premium, for a total maximum amount (including the share premium) of Euro 59,625,000, of which Euro 11,250,000.00 for share capital and Euro 48,375,000.00 for the share premium. The option price of the new shares was determined by the Board of Directors by applying, on the basis of the resolution of the Extraordinary Shareholders' Meeting of 29 April 2022, as well as, for technical reconciliation reasons, a discount of 16.09% on the theoretical ex right price (TERP) of the Landi Renzo S.p.A. ordinary shares, calculated in accordance with current methodologies on the basis of the weighted average trading price of Landi Renzo ordinary shares in the 5 previous trading days, i.e., 4 July 2022 to 8 July 2022.
- On 13 July 2022, Consob approved - with note no. 0458563/22 of 13 July 2022 - the EU Recovery Prospectus relating to the offer under option and the admission to trading on the Euronext STAR Milan market organised and managed by Borsa Italiana S.p.A. of Landi Renzo shares deriving from the paid share capital increase, for a total maximum amount of Euro 59,625,000, approved by the Extraordinary Shareholders' Meeting of 29 April 2022.
- In July, FPT Industrial, an Iveco Group company dedicated to designing, manufacturing and selling alternative engines and powertrains for all industrial vehicles, and Landi Renzo, a global leader in the natural gas, biomethane and hydrogen sustainable mobility and infrastructure segment, jointly developed the Hythane On-Board Blending - OBB - system, an innovative solution capable of mixing hydrogen and methane – called Hythane or hydromethane – directly inside the vehicle. This system, based on a cutting edge and innovative “dual rail” concept and a special regulation device, is able to guarantee a further abatement in CO₂ emissions compared to natural gas and diesel (-10% compared to natural gas and -20% compared to diesel) by exploiting

the layout of the natural gas engine, while ensuring equal performance and efficiency. Hythane is a “ready now” solution which has the potential of providing a second life to urban and suburban bus fleets as well as short and medium range natural gas engine vehicles, extending engine life and reducing emissions. Landi Renzo in particular created an advanced dual rail mixer containing both CNG and hydrogen injectors, controlled by an integrated control unit totally designed in house; the gas fuelling system is equipped with Landi Renzo pressure regulators for natural gas and hydrogen. The new system can be used in both CNG (Compressed Natural Gas) and LNG (Liquefied Natural Gas) applications, offering users the advantage of being able to obtain the optimal ratio between hydrogen and CNG depending on operating conditions. The project was developed on the basis of a Memorandum of Understanding signed by FPT Industrial and Landi Renzo last year, for the development of complete, efficient solutions for increasingly sustainable mobility aiming to facilitate the introduction of hydrogen in the transport sector.

- Between July and August, the Group’s Top Management was reinforced with the entry of a Group Chief Transformation & People Officer ad Interim and a Group Chief Operation Officer. In both cases, these are figures of high professional standing, with significant experience in transformation and value creation projects, who will report directly to the Chief Executive Officer.
- In August a Boost Plan was launched to improve the Group’s performance already in the second half of the year, with structural interventions for the recovery of margins and to improve the management of working capital and cash generation.
- During the offer under option period, which concluded on 4 August 2022, a total of 107,781,064 option rights were exercised, valid for the subscription of 107,781,064 new shares, equal to roughly 95.805% of the total of new shares, for a total equivalent value of Euro 57,124 thousand. Therefore, 4,718,936 option rights were not exercised, relating to the subscription of 4,718,936 new shares, corresponding to roughly 4.195% of the total of new shares offered, for a total equivalent value of around Euro 2,501,036.08. The company GbD Green by Definition S.p.A., a subsidiary of the Landi Trust, subscribed its portion of the capital increase (equal to around 59.1068%) pursuant to the subscription commitment it had made, for a total equivalent value of roughly Euro 35.2 million, for around Euro 17.1 million by means of a contribution in cash and, for around Euro 18.1 million, by means of voluntary offsetting.
- On 6 September 2022, as part of the offer of the non-exercised rights on the Euronext Milan organised and managed by Borsa Italiana S.p.A., all 4,718,936 option rights were sold, relating to the subscription of 4,718,936 new Landi Renzo S.p.A. ordinary shares, corresponding to roughly 4.195% of the total of new shares offered deriving from the share capital increase, and which will give the right to subscribe a total of around Euro 2,501,036.08 of the share capital increase.
- On 7 September 2022, following the sale during the Stock Exchange trading day of 6 September 2022 of all 4,718,936 option rights not exercised during the offer under option period, 2,874,208 newly issued Landi Renzo ordinary shares were subscribed, as resulting from the exercise of the non-exercised rights, for an equivalent value of Euro 1,523,330.24 Taking into account that during the offer under option period 107,781,064 newly issued shares were subscribed, amounting to 95.805% of the total of the newly issued shares resulting from the share capital increase under option, a total of 110,655,272 newly issued shares were therefore subscribed, equal to roughly 98.360% of the shares offered as part of the share capital increase, for a total equivalent value of Euro 58,647,294.16. As set forth in the resolution of the Shareholders’ Meeting of the Company of 29 April 2022, the Board of Directors is entitled to decide how to place the remaining up to 1,844,728 newly issued

shares resulting from the share capital increase, to be subscribed by 31 December 2023.

- On 7 September 2022, Landi Renzo S.p.A. finalised the acquisition of 100% of the share capital of Metatron S.p.A. by paying Euro 7,374 thousand, consideration for the remaining 27.57% of the shares of Metatron S.p.A.

Likely future developments

On the basis of the signs of a recovery in several key markets such as Europe and Asia, as well as the SAFE&CEC order portfolio, the management confirms the Group's consolidated profit objectives for the year 2022, with earnings expected to increase compared with 2021.

Cavriago, 9 September 2022

Chief Executive Officer
Cristiano Musi

3. CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2022

3.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	Notes	30/06/2022	31/12/2021 restated
Non-current assets			
Land, property, plant, machinery and other equipment	2	14,376	14,977
Development costs	3	11,432	12,222
Goodwill	4	80,707	73,256
Other intangible assets with finite useful lives	5	18,544	19,543
Right-of-use assets	6	15,105	11,991
Equity investments measured using the equity method	7	2,171	2,028
Other non-current financial assets	8	813	882
Other non-current assets	9	1,988	2,556
Deferred tax assets	10	12,392	12,694
Assets for derivative financial instruments	11	888	0
Total non-current assets		158,416	150,149
Current assets			
Trade receivables	12	64,074	66,048
Inventories	13	80,697	68,896
Contract work in progress	14	29,256	15,653
Other receivables and current assets	15	15,050	14,443
Cash and cash equivalents	16	20,694	28,039
Total current assets		209,771	193,079
TOTAL ASSETS		368,187	343,228

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30/06/2022	31/12/2021 restated
Shareholders' equity			
Share capital		11,250	11,250
Other reserves		45,078	44,615
Profit (loss) for the period		-6,832	-1,020
Total Shareholders' equity of the Group		49,496	54,845
Minority interests		6,530	5,738
TOTAL SHAREHOLDERS' EQUITY	17	56,026	60,583
Non-current liabilities			
Non-current bank loans	18	59,467	10,174
Other non-current financial liabilities	19	26,724	9,320
Non-current liabilities for rights of use	20	12,775	10,197
Provisions for risks and charges	21	5,126	4,535
Defined benefit plans for employees	22	3,740	3,977
Deferred tax liabilities	23	1,327	1,452
Liabilities for derivative financial instruments	24	0	99
Total non-current liabilities		109,159	39,754
Current liabilities			
Bank financing and short-term loans	25	49,849	103,408
Other current financial liabilities	26	20,298	274
Current liabilities for rights of use	27	3,190	2,624
Trade payables	28	88,344	82,886
Tax liabilities	29	3,456	3,758
Other current liabilities	30	37,865	49,941
Total current liabilities		203,002	242,891
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		368,187	343,228

The comparative figure as at 31 December 2021 was restated following the completion of the purchase price allocation process of the Metatron Group, consolidated line-by-line starting from August 2021.

3.2. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT		30/06/2022	30/06/2021
	Notes		
Revenues from sales and services	31	144,446	95,962
Other revenues and income	32	484	874
Cost of raw materials, consumables and goods and change in inventories	33	-87,949	-59,643
Costs for services and use of third-party assets	34	-26,836	-17,841
Personnel costs	35	-22,515	-14,436
Allocations, write-downs and other operating expenses	36	-2,322	-1,354
Gross operating profit		5,308	3,562
Amortisation, depreciation and impairment	37	-8,724	-7,076
Net operating profit		-3,416	-3,514
Financial income	38	55	86
Financial expenses	39	-3,531	-1,937
Exchange gains (losses)	40	826	-595
Income (expenses) from equity investments	41	-138	8,783
Income (expenses) from joint ventures measured using the equity method	42	143	-138
Profit (loss) before tax		-6,061	2,685
Taxes	43	-557	-627
Net profit (loss) for the Group and minority interests, including:		-6,618	2,058
Minority interests		214	517
Net profit (loss) for the Group		-6,832	1,541
Basic earnings (loss) per share (calculated on 112,500,000 shares)	44	-0.0607	0.0137
Diluted earnings (loss) per share	44	-0.0607	0.0137

3.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		Notes	30/06/2022	30/06/2021
Net profit (loss) for the Group and minority interests:			-6,618	2,058
<i>Profits (Losses) that will not be subsequently reclassified in the Income Statement</i>				
Remeasurement of employee defined benefit plans (IAS 19)	22		222	38
Total Profits (Losses) that will not be subsequently reclassified in the income statement			222	38
<i>Profits (Losses) that could be subsequently reclassified in the income statement</i>				
Measurement of investments with the equity method	7		0	470
Fair value of derivatives, change for the period	11/24		760	132
Exchange rate differences from the translation of foreign operations	17		988	-1,700
Total profits/losses that could subsequently be reclassified on the Income Statement			1,748	-1,098
Profits (Losses) recorded directly in Shareholders' Equity after tax effects			1,970	-1,060
Total Consolidated Income Statement for the period			-4,648	998
Profit (Loss) for Shareholders of the Parent Company			-5,349	549
Minority interests			701	449

3.4. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)		
CONSOLIDATED CASH FLOW STATEMENT	30/06/2022	30/06/2021
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	-6,061	2,685
<i>Adjustments for:</i>		
Depreciation of property, plant and machinery	2,131	2,023
Amortisation of intangible assets	4,836	3,809
Depreciation of right-of-use assets	1,757	1,244
Loss (Profit) from disposal of tangible and intangible assets	53	236
Share-based incentive plans	0	88
Impairment loss on receivables	563	319
Net financial charges	2,650	2,446
Net expenses (income) from equity investments measured using the equity method	-143	138
Profit (loss) attributable to interests	138	-8,783
	5,924	4,205
<i>Changes in:</i>		
Inventories and contract work in progress	-22,569	-8,866
Trade receivables and other receivables	3,031	-3,936
Trade payables and other payables	5,867	7,549
Provisions and employee benefits	-166	308
Cash generated from operations	-7,913	-740
Interest paid	-1,435	-1,242
Interest received	26	108
Taxes paid	-440	-402
Net cash generated from operating activities	-9,762	-2,276
Cash flows from investments		
Proceeds from the sale of property, plant and machinery	59	414
Purchase of property, plant and machinery	-1,243	-1,695
Purchase of intangible assets	-135	-180
Development costs	-2,651	-2,369
Variation in the consolidation area	-23,323	2,966
Net cash absorbed by investment activities	-27,293	-864
Free Cash Flow	-37,055	-3,140
Cash flows from financing activities		
Disbursements (reimbursements) of loans from parent company	18,062	0
Disbursements (reimbursements) of medium/long-term loans	10,714	-3,914
Change in short-term bank debts	1,072	9,546
Repayment of leases (IFRS 16)	-1,955	-1,332
Net cash generated (absorbed) by financing activities	27,893	4,300
Net increase (decrease) in cash and cash equivalents	-9,162	1,160
Cash and cash equivalents at 1 January	28,039	21,914
Effect of exchange rate fluctuation on cash and cash equivalents	1,817	-2,294
Closing cash and cash equivalents	20,694	20,780

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 31/12/2020	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
Measurement of investments using the equity method			470				470			470
Change in the cash flow hedge reserve			132				132			132
Total overall profits/losses	0	0	-992	0	0	1,541	549	517	-68	998
Performance share			88				88			88
Variation in the consolidation area							0	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
Balance as at 31 December 2021 (restated)	11,250	2,250	4,552	28,946	8,867	-1,020	54,845	1,522	4,216	60,583
Profit (loss) for the year						-6,832	-6,832	214		-6,618
Actuarial gains/losses (IAS 19)			222				222			222
Translation difference			501				501	487		988
Valuation of cash flow hedge reserve			760				760			760
Total overall profits/losses	0	0	1,483	0	0	-6,832	-5,349	214	487	-4,648
Variation in the consolidation area							0	91		91
Allocation of profit			8,111	-9,131		1,020	0	-1,522	1,522	0
Balance as at 30 June 2022	11,250	2,250	14,146	19,815	8,867	-6,832	49,496	214	6,316	56,026

The comparative figure as at 31 December 2021 was restated following the completion of the purchase price allocation process of the Metatron Group, consolidated line-by-line starting from August 2021.

4. EXPLANATORY NOTES TO THE CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2022

4.1. GENERAL INFORMATION

The Landi Renzo Group has been active for more than 60 years in the natural gas, biomethane and hydrogen sustainable mobility and infrastructure segments. The Group has a widespread presence at global level in over 50 countries, with 90% of its sales generated abroad.

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. Introduction

The condensed half-yearly consolidated financial statements at 30 June 2022 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 2022, approved by the Board of Directors on 09 September 2022, must be read in conjunction with the Consolidated Annual Financial Statements at 31 December 2021.

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 2022 are the same as those used for the consolidated financial statements at 31 December 2021.

In addition to the interim values of the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income at 30 June 2022, the balance sheet figures for the year ending 31 December 2021 and the income statement figures at 30 June 2021 are included in the tables below for purposes of comparison.

Following the completion of the purchase price allocation process of the Metatron Group, consolidated line-by-line starting from August 2021, the comparative balance sheet figures as at 31 December 2021 were restated as required by the reference accounting standards to consider the backdating of the relative effects. For more details on the results of the purchase price allocation process, please refer to the “Goodwill” section of this report.

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

In the current market context overshadowed by the continuation of the effects unleashed by the COVID-19 pandemic, the risks correlated with the Russia-Ukraine crisis, especially in terms of higher gas and energy costs, and the shortage of raw materials and the resulting price increases, the management has performed accurate analyses concerning expected trends for the second half of 2022, reconsidering estimates regarding the expected performance of the segment within the current context, in order to also consider the expected benefits of the initiatives put into place to develop the business.

Furthermore, the management paid particularly close attention to the financial position, short/medium and long-term cash forecasts and financing options.

In this regard, please take note of the following:

- in March, Invitalia (Agenzia Nazionale per l'Attrazione degli Investimenti e lo sviluppo di impresa SpA) disbursed a new loan of Euro 19.5 million in favour of Landi Renzo S.p.A. with a duration of 5 years - of which one year of pre-amortisation - at a facilitated rate, drawn on the Fund Supporting Large Companies in difficulty - art. 37 of Italian Decree-Law no. 41/2021, Italian Interministerial Decree of 5 July 2021 and Italian Executive Decree of 3 September 2021;
- as described in the "Share capital increase" section of the "Interim Report on Operating Performance", in 2022 the share capital increase transaction was carried out, and completed in early September, substantially in line with what is set forth in the 2022-2025 business plan;
- furthermore, in order to further strengthen the Group's financial structure and make it more consistent with the flows expected from the 2022-2025 Business Plan, in June 2022 two new loan agreements were entered into, namely:
 - a new loan agreement backed by the SACE guarantee (effective as of 29 June 2022) which, for the same financed amount (Euro 21 million), calls for the deferral of the pre-amortisation period of 24 months and repayment of the final instalment on 31 March 2028;
 - a new pool loan agreement, for a financed amount of Euro 52 million (compared with the remaining Euro 46 million on the current pool loan agreement), which calls for a 24-month pre-amortisation period and repayment of the final instalment of Euro 20.5 million in June 2027. The effectiveness of that agreement is subject to the condition precedent of the performance of the above-mentioned share capital increase by 30 September 2022 in an amount of at least Euro 50 million; in this regard, please note that on 7 September 2022 the auction was concluded on the rights not exercised, so that the share capital increase has currently been subscribed for a total of Euro 58,647 thousand, with the issue of 110,655,272 new shares.

The new agreements call for the calculation of financial parameters (NFP/EBITDA) starting from the calculation date of 31 December 2022.

In June 2022, following punctual negotiations with the financing institutions, all credit institutions underwriting the loans provided their consent to the requests made by the parent company Landi Renzo S.p.A., issuing waiver letters with respect to the financial covenants as at 30 June 2022. The above-mentioned waiver letters are expressly subject to the finalisation of the share capital increase of the parent company Landi Renzo S.p.A. to be carried out in an amount of at least Euro 50 million, by no later than 30 September 2022.

Although the Green Transportation segments results as at 30 June 2022 are slightly lower than the forecasts of the 2022-2025 Business Plan, on the basis of the signs of a recovery in several key markets such as Europe and Asia, the management believes that it will in any event be able to achieve the turnover expected for that segment for the year 2022. On the other hand, the Clean Tech Solutions segment was aligned with expectations, with an order portfolio exceeding what is set forth in the 2022-2025 Business Plan. Therefore, on the basis of the available elements at the date of this report, the management confirms the Group's consolidated profit objectives for the year 2022, with earnings increasing compared with 2021. This being said, please note that no indicators of impairment have emerged such so as to jeopardise the recoverability of the value of the main items of consolidated net invested capital as at 30 June 2022.

Taking into account what is described above, it is believed that business continuity is 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 2022 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, also due to the global continuation of the COVID-19 pandemic and the effects of the Russia-Ukraine conflict. 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 cannot obviously 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 consolidated financial statements as at 30 June 2022 are consistent with those adopted for the preparation of the consolidated financial statements for the previous year.

The Group did not apply the following new and amended standards issued which are not yet in force:

EU endorsement regulation	Description
Regulation 2023/2021	IFRS 17 Insurance Contracts: the standard 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, which is not applicable to the Group, will come into force on 1 January 2023.
Regulation 357/2022	Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current": the amendments aim to clarify how to classify payables and other liabilities as short or long term. These amendments will come into force on 1 January 2023. Early application is permitted.
Regulation 357/2022	Amendment "Definition of Accounting Estimates – Amendments to IAS 8": the amendment aims to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will apply as of 1 January 2023 and early application is permitted.

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

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
9 December 2021	The IASB published the amendment to IFRS 17 – Insurance contracts: initial application of IFRS 17 and IFRS 9 – Comparative information. The amendment is a transition option relating to comparative information on financial statements presented on initial application of IFRS 17 and aims to help insurance companies to avoid temporary accounting misalignments between financial assets and insurance contract liabilities, and therefore to improve the usefulness of comparative information for users of financial reports. The amendment will apply as of 1 January 2023 and early application is permitted. This amendment is not applicable to the Group.
7 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.
12 February 2021	The IASB published an amendment named "Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2" intended to improve the disclosure on accounting

	policies so as to provide more useful information to readers of the financial statements. The amendments will apply as of 1 January 2023 and early application is permitted.
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 course of the year, except for supply contracts in the OEM channel which may provide for 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.

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 30/06/2022	H1 Ave. 2022	At 31/12/2021	Average 2021	At 30/06/2021	H1 Ave. 2021
Real – Brazil	5.423	5.557	6.310	6.378	5.905	6.490
Renminbi – China	6.962	7.082	7.195	7.628	7.674	7.796
Rupee – Pakistan	212.597	203.289	200.877	192.732	188.092	188.651
Zloty – Poland	4.690	4.635	4.597	4.565	4.520	4.537
Leu – Romania	4.946	4.946	4.949	4.921	4.928	4.902
Dollar - US	1.039	1.093	1.133	1.183	1.188	1.205
Peso - Argentina	129.898	122.509	116.632	112.422	113.644	110.041
Peso - Colombia	4,279.070	4,282.190	4,598.680	4,492.479	4,474.180	4,267.479
Canadian Dollar - Canada	1.343	1.390	1.439	1.483	1.472	1.521
Nuevo Sol - Peru	3.933	4.132	4.519	4.591	4.626	4.160
Rupee - India	82.113	83.318	84.229	87.439	88.324	88.413

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 2021 following the consolidation of Idro Meccanica S.r.l., acquired by SAFE S.p.A. in January 2022.

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

Description	Registered Office	% stake at 30 June 2022		Notes
		Direct investment	Indirect investment	
Parent Company				
Landi Renzo S.p.A.	Cavriago (Italy)	Parent Company		
Companies consolidated using the line-by-line method				
Landi International B.V.	Utrecht (The Netherlands)	100.00%		
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)		100.00%	(1)
LR Indústria e Comércio Ltda	Rio de Janeiro (Brazil)	99.99%		
Beijing Landi Renzo Autogas System Co. Ltd	Beijing (China)	100.00%		
L.R. Pak (Pvt) Limited	Karachi (Pakistan)	70.00%		
Landi Renzo Pars Private Joint Stock Company	Tehran (Iran)	99.99%		
Landi Renzo RO S.r.l.	Bucharest (Romania)	100.00%		
Landi Renzo USA Corporation	Wilmington - DE (USA)	100.00%		

AEB America S.r.l.	Buenos Aires (Argentina)	96.00%	
Officine Lovato Private Limited	Mumbai (India)	74.00%	
OOO Landi Renzo RUS	Moscow (Russia)	51.00%	
SAFE&CEC S.r.l.	San Giovanni Persiceto (Italy)	51.00%	
SAFE S.p.A.	San Giovanni Persiceto (Italy)	100.00%	(2)
Idro Meccanica S.r.l.	Modena (Italy)	90.00%	(3)
IMW Industries LTD	Chilliwak (Canada)	100.00%	(2)
IMW Industries del Perú S.A.C.	Lima (Peru)	100.00%	(4)
IMW Industries LTDA	Cartagena (Colombia)	100.00%	(4)
IMW Energy Tech LTD	Suzhou (China)	100.00%	(4)
IMW Industries LTD Shanghai	Shanghai (China)	100.00%	(4)
Metatron S.p.A.	Castel Maggiore (Italy)	72.43%	(5)
Metatron Control System (Shanghai)	Shanghai (China)	90.00%	(6)
Associates and subsidiaries consolidated using the equity method			
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	51.00%	(7)
Other minor companies			
Landi Renzo VE.CA.	Caracas (Venezuela)	100.00%	(8)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	100.00%	(8)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	50.00%	(7)
			(8)
Metatron Technologies India Plc	Mumbai (India)	75.00%	(8) (6)

Detailed notes on investments:

(1) Held indirectly through Landi International B.V.

(2) Held indirectly through SAFE&CEC S.r.l.

(3) Held indirectly through SAFE S.p.A., 100% consolidated line-by-line based on the binding commitment to purchase the remaining 10%, which does not include any conditions precedent

(4) Held indirectly through IMW Industries LTD

(5) 100% consolidated line-by-line based on the commitment to purchase the remaining 27.57%, which does not include any conditions precedent, and the governance system contractually defined by the parties

(6) Held indirectly through Metatron S.p.A.

(7) Company joint venture

(8) 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 2021 (restated considering the backdating of the effects of the Metatron Group purchase price allocation) as regards balance sheet items and on the values of the first half of 2021 as regards income statement items.

4.4.1. SEGMENT REPORTING

The management has identified two operating segments (“Cash Generating Units” or “CGUs”) in which the Landi Renzo Group operates, or:

- The **Green Transportation** 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, Metatron, 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. Since January 2022, the Clean Tech Solutions sector also includes the results of Idro Meccanica S.r.l., a leader in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas.

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 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

The following is an analysis of changes in “Land, property, plant, machinery and other equipment” that took place during the first half of 2022:

(Thousands of Euro)

Net value	31/12/2021 restated	Idro Meccanica consolidation	Increases	Decreases	Depreciation	Other changes	30/06/2022
Land and buildings	1,575	80	144	0	-190	64	1,673
Plant and machinery	5,213	5	238	0	-730	416	5,142
Industrial and commercial equipment	5,986	6	224	-64	-966	231	5,417
Other tangible assets	1,346	0	127	-7	-245	95	1,316
Assets in progress and payments on account	857	0	510	-6	0	-533	828
Total	14,977	91	1,243	-77	-2,131	273	14,376

Tangible assets showed an overall net decrease of Euro 601 thousand, decreasing from Euro 14,977 thousand at 31 December 2021 to Euro 14,376 thousand at 30 June 2022. The contribution deriving from the initial consolidation of the Idro Meccanica S.r.l. was Euro 91 thousand.

Increases for the half-year, amounting to Euro 1,243 thousand, primarily relate to the acquisition of new production lines and moulds.

The item “Assets in progress and payments on account”, totalling Euro 828 thousand as at 30 June 2022 (Euro 857 thousand as at 31 December 2021), primarily includes investments in the completion phase, in assets expected to be used in the production process in 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 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

An analysis of changes in development expenditure during the first half of 2022 is shown in detail below:

(Thousands of Euro)

	31/12/2021 restated	Increases	Depreciation	Other changes	30/06/2022
Development costs	12,222	2,651	-3,510	69	11,432

Development costs amounted to Euro 11,432 thousand (Euro 12,222 thousand at 31 December 2021) 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.

Costs capitalised in the first half of 2022 totalled Euro 2,651 thousand (Euro 2,369 thousand at 30 June 2021).

Research and development activities during the first half of 2022 saw the continuation of new projects focusing in particular on products for CNG, biomethane and hydrogen, alternatives to conventional fuels that offer significant benefits and advantages, and in the Mid & Heavy Duty segment. New development activities began during the initial months of 2022 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 2022, did not bring to light any impairment.

4.4.4. GOODWILL

The item Goodwill totalled Euro 80,707 thousand, Euro 7,451 thousand more than at 31 December 2021 (Euro 73,256 thousand) following the acquisition of control by SAFE S.p.A. of Idro Meccanica S.r.l., resulting in its line-by-line consolidation.

(Thousands of Euro)

CGU	30/06/2022	31/12/2021 restated	Change
Green Transportation	47,863	47,863	0
Clean Tech Solutions	32,844	25,393	7,451
Total	80,707	73,256	7,451

On 30 June 2022, 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, was completed for the Metatron Group (purchased on 1 August 2021).

In particular, the Purchase Price Allocation led to the identification of a fair value of the “Metatron” trademark valued, on the basis of an appraisal performed by an independent expert, at Euro 2,892 thousand (with a useful life of 20 years) gross of the relative tax effect of Euro 807 thousand. The goodwill of the Metatron Group, classified in the Green Transportation CGU, was reduced as a result by Euro 2,085 thousand, corresponding to the allocation of the value of the trademark and the relative tax effect.

The Purchase Price Allocation was carried out within the assessment period provided by IFRS 3 in the case of business combinations, therefore this allocation refers to facts and circumstances at the acquisition date and, once the values of the assets and goodwill were modified at the end of the valuation period, it was necessary to modify as a result the comparative data for the previous period, including the effect of the adjustments identified at the acquisition date as well.

(Thousands of Euro)

METATRON COMBINATION	Carrying Amounts	Fair value adjustments	Fair value of assets and liabilities acquired
Land, property, plant, machinery and other equipment	1,958		1,958
Development costs	1,111		1,111
Other intangible assets with finite useful lives	1,319	2,892	4,211
Right-of-use assets	3,583		3,583
Other non-current assets	463		463
Deferred tax assets	544		544
Non-current assets	8,978	2,892	11,870
Trade receivables	11,283		11,283
Inventories	7,886		7,886
Other receivables and current assets	1,206		1,206
Cash and cash equivalents	1,868		1,868
Current assets	22,243	-	22,243
Other non-current financial liabilities	5,514		5,514
Non-current liabilities for rights of use	2,938		2,938
Provisions for risks and charges	443		443
Defined benefit plans for employees	1,914		1,914
Deferred tax liabilities	-	807	807
Non-current liabilities	10,809	807	11,616
Bank financing and short-term loans	5,272		5,272
Current liabilities for rights of use	645		645
Trade payables	4,713		4,713
Tax liabilities	658		658
Other current liabilities	2,232		2,232
Current liabilities	13,520	-	13,520
Total net assets acquired	6,892	2,085	8,977
Percentage of control Landi Renzo S.p.A.	100%		100%
Group's share of net assets acquired	6,892		8,977
Value of the stake in Landi Renzo S.p.A.	26,746		26,746
Green Transportation CGU goodwill	19,854		17,769
Cash acquired	1,868		1,868

The increase in goodwill during the period of Euro 7,451 thousand instead relates to the consolidation of Idro Meccanica S.r.l., a company acquired by SAFE S.p.A. and a leader in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas which includes amongst its customers the main operators in hydrogen production and distribution, and boasts of a full range of products and applications to manage hydrogen compression up to 700 bars.

With reference to Idro Meccanica S.r.l., taking into account that the acquisition took place in January 2022, the Purchase Price Allocation is currently under way and is expected to be completed within the terms permitted by IFRS 3, or within 12 months of the acquisition. Details of the transaction are provided below:

(Thousands of Euro)

IDRO MECCANICA COMBINATION	Carrying Amounts	Fair value adjustments	Fair value of assets and liabilities acquired
Land, property, plant, machinery and other equipment	91		91
Other intangible assets with finite useful lives	2		2
Right-of-use assets	25		25
Non-current assets	118	0	118
Trade receivables	1,051		1,051
Inventories and contract work in progress	2,834		2,834
Other receivables and current assets	565		565
Cash and cash equivalents	408		408

Current assets	4,858	0	4,858
Non-current bank loans	518		518
Other non-current financial liabilities	11		11
Non-current liabilities for rights of use	12		12
Provisions for risks and charges	550		550
Defined benefit plans for employees	191		191
Liabilities for derivative financial instruments	1		1
Non-current liabilities	1,283	0	1,283
Bank financing and short-term loans	1,834		1,834
Current liabilities for rights of use	12		12
Trade payables	1,407		1,407
Tax liabilities	80		80
Other current liabilities	1,411		1,411
Current liabilities	4,744	0	4,744
Total net assets acquired			-1,051
Percentage of control			100%
Group's share of net assets acquired			-1,051
Value of the stake			6,400
Clean Tech Solutions CGU goodwill			7,451
Cash acquired			408

As concerns goodwill, 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 2022, and in particular the effect that the increase in raw material prices and rising energy costs, emphasised by the Russia-Ukraine crisis, are having on the margins of companies in the Green Transportation segment. Although the Green Transportation segments results as at 30 June 2022 are slightly lower than the forecasts of the 2022-2025 Business Plan, on the basis of the signs of a recovery in several key markets such as Europe and Asia, the management believes that it will in any event be able to achieve the turnover expected for that segment for the year 2022. On the other hand, the Clean Tech Solutions segment was aligned with expectations, with an order portfolio exceeding what is set forth in the 2022-2025 Business Plan. Therefore, on the basis of the available elements at the date of this report, the management confirms the Group's consolidated profit objectives for the year 2022, with earnings increasing compared with 2021, and in general the 2022-2025 business plan. As a result, at the date on which this half-yearly report as at 30 June 2022 was drafted, no indicators of impairment were identified that would require testing the recoverability of goodwill recognised in the financial statements.

The stock market capitalisation value of Landi Renzo S.p.A. at 30 June 2022 amounted to Euro 77.3 million, and is significantly higher than the value of the consolidated shareholders' equity at the same date. Please note that in early September 2022 the Landi Renzo S.p.A. share price was significantly lower than that recognised as at 30 June 2022 (equal to roughly Euro 0.55 and down by around 20% compared with the price in June 2022). This effect is connected to the July 2022 launch of the share capital increase for up to Euro 60 million, as approved by the shareholders' meeting of 29 April 2022, for which an issue price of Euro 0.53 was determined by the Board of Directors by applying, on the basis of the resolution of the Extraordinary Shareholders' Meeting of 29 April 2022, a discount of 16.09% on the theoretical ex right price (TERP) of the Landi Renzo ordinary shares, calculated in accordance with current methodologies on the basis of the weighted average trading price of Landi Renzo ordinary shares in the 5 previous trading days, i.e., 4 July 2022 to 8 July 2022. This decrease in trading prices, which in any event always remained at values higher than consolidated shareholders' equity in the course of 2022, represents a technical and expected event which therefore should not be considered an indicator of impairment with effects on the recoverability of the Group's goodwill.

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 2021 are shown in detail below:

(Thousands of Euro)

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

Changes in other intangible assets with finite useful lives that occurred during the first half of 2022 are shown in detail below:

(Thousands of Euro)

	31/12/2021 restated	Idro Meccanica consolidation	Increases	Amortisation	Other changes	30/06/2022
Other intangible assets with finite useful lives	19,543	2	135	-1,326	190	18,544

Other intangible assets with finite useful lives decreased from Euro 19,543 thousand at 31 December 2021 to Euro 18,544 thousand at 30 June 2022, 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 3,968 thousand), AEB (for Euro 3,369 thousand), SAFE (for Euro 4,053 thousand) and Metatron (for Euro 2,760 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 up to 20 years, the period deemed to represent the useful lifetime of the trademarks.

The increase in the period, equal to Euro 135 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 2021 are shown in detail below:

(Thousands of Euro)

	31/12/2020	SAFE&CEC consolidation	Increases	Amortisation	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

Changes in right-of-use assets that occurred during the first half of 2022 are shown in detail below:

(Thousands of Euro)

	31/12/2021 restated	Idro Meccanica consolidation	Increases	Depreciation	Other changes	30/06/2022
Buildings	10,878	0	4,474	-1,511	242	14,083
Plant and machinery	598	0	0	-57	47	588
Motor vehicles	515	25	106	-189	-23	434
Total	11,991	25	4,580	-1,757	266	15,105

The increase in this item compared with the previous year is primarily due to the renewal of the lease agreement on the Landi Renzo S.p.A. production facility located at Via dell'Industria (Cavriago – RE).

4.4.7. EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

This item, equal to Euro 2,171 thousand, includes the value of the equity investments measured using the equity method.

(Thousands of Euro)

Equity investments measured using the equity method	31/12/2021 restated	Increases	Decreases	30/06/2022
Krishna Landi Renzo India Private Ltd Held	2,028	143	0	2,171
Total	2,028	143	0	2,171

The equity investment held in the joint venture Krishna Landi Renzo Prv Ltd was revalued by Euro 143 thousand due to the positive results for the period.

4.4.8. OTHER NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other non-current financial assets	30/06/2022	31/12/2021 restated	Change
Loan to Krishna Landi Renzo	600	600	0
Guarantee deposits	123	177	-54
Other financial assets	90	105	-15
Total	813	882	-69

Other non-current financial assets, equal to Euro 813 thousand (Euro 882 thousand at 31 December 2021) includes mainly:

- 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;
- guarantee deposits for Euro 123 thousand.

4.4.9. OTHER NON-CURRENT ASSETS

Other non-current assets, totalling Euro 1,988 thousand (Euro 2,556 thousand as at 31 December 2021), include primarily 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)	30/06/2022	31/12/2021 restated	Change
Offsettable deferred tax assets and liabilities			
Deferred tax assets	14,294	15,614	-1,320
Deferred tax liabilities	-1,902	-2,920	1,018
Total net deferred tax assets	12,392	12,694	-302

Net deferred tax assets, totalling Euro 12,392 thousand (Euro 12,694 thousand at 31 December 2021), 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.

With reference to tax losses, the management, assisted by its tax advisors, prepared an analysis referring to 31 December 2021 aimed at verifying the recoverability of deferred tax assets, based on the forecasts of the new economic-financial plan for the years 2022-2025, approved by the Board of Directors on 15 March 2022. As described previously, the plan assumptions are confirmed, also for the current year, so there was no need to update that analysis. On a prudential basis, no deferred tax assets on tax losses recognised by the Parent Company and Metatron S.p.A. as at 30 June 2022 or on previous losses were allocated.

At 30 June 2022 offsettable deferred tax liabilities totalled Euro 1,902 thousand (Euro 2,920 thousand at 31 December 2021) and are primarily related to temporary differences between the carrying amounts of certain tangible and intangible assets and the values recognised for tax purposes.

4.4.11. ASSETS FOR DERIVATIVE FINANCIAL INSTRUMENTS

The breakdown in this item is shown in detail below:

(Thousands of Euro)

Assets for derivative financial instruments	Fair value hierarchy	Notional	30/06/2022	31/12/2021 restated	Change
Derivatives on interest rates					
Loans	2	43,762	888	0	888
Total			888	0	888

The item includes the positive fair value of financial derivative contracts entered into by the group, recognised under hedge accounting, i.e. with a contra-entry in other comprehensive income, as they meet the relative requirements laid out in IFRS 9. These contracts as at 31 December 2021 had a negative fair value of Euro 99 thousand.

CURRENT ASSETS

4.4.12. 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	30/06/2022	31/12/2021 restated	Change
Italy	13,524	13,540	-16
Europe (excluding Italy)	18,689	18,270	419
America	18,456	23,837	-5,381
Asia and Rest of the World	22,767	18,773	3,994
Provision for bad debts	-9,362	-8,372	-990
Total	64,074	66,048	-1,974

Trade Receivables totalled Euro 64,074 thousand, net of the Provision for Bad Debts equal to Euro 9,362 thousand, compared with Euro 66,048 thousand at 31 December 2021.

Total transactions for the assignment of trade receivables through factoring without recourse, for which the corresponding receivables were derecognised, amounted to Euro 12.3 thousand (Euro 12.2 million at 31 December 2021).

There are no non-current trade receivables or receivables secured by collateral guarantees.

Receivables from related parties totalled Euro 3,744 thousand (Euro 3,030 thousand at 31 December 2021) 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	31/12/2021 restated	Idro Meccanica consolidation	Allocation	Uses	Other changes	30/06/2022
Provision for bad debts	8,372	360	563	0	67	9,362

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 563 thousand (compared with Euro 319 thousand as at 30 June 2021), of which Euro 148 thousand relating to the write-off of receivables due from Ukrainian customers and Euro 302 thousand prudentially set aside on receivables due from Russian customers, taking into account the specific situation of each of them.

The consolidation of Idro Meccanica S.r.l. made a contribution of Euro 360 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 30/06/2022	73,436	39,591	3,809	2,162	27,874
Trade receivables at 31/12/2021	74,420	43,784	5,610	4,393	20,633

4.4.13. INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Inventories	30/06/2022	31/12/2021 restated	Change
Raw materials and parts	63,189	42,001	21,188
Work in progress and semi-finished products	6,924	15,779	-8,855
Finished products	21,992	21,904	88
Inventory write-down reserve	-11,408	-10,788	-620
Total	80,697	68,896	11,801

Closing inventories totalled Euro 80,697 thousand, net of the inventory write-down reserve of Euro 11,408 thousand, an increase of Euro 11,801 thousand compared with 31 December 2021, primarily due to:

- the consolidation of Idro Meccanica S.r.l.;
- acquisitions of electronic components and other strategic components, in order to handle the current procurement difficulties linked to the shortage of raw materials in the market and intended to guarantee production continuity;
- products intended for major customers not shipped by the end of the half-year and postponed following the difficulties encountered in the logistics market and in obtaining containers.

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 2022, this item amounted to Euro 11,408 thousand (Euro 10,788 thousand at 31 December 2021).

4.4.14. CONTRACT WORK IN PROGRESS

The item, totalling Euro 29,256 thousand (Euro 15,653 thousand as at 31 December 2021), refers in full to Clean Tech Solutions segment contracts in progress at 30 June 2022, stated using the percentage of completion method with the cost to cost criterion. The increase in contract work in progress of the Clean Tech Solutions segment was primarily due to delays in the completion of several orders following difficulties in obtaining components and electrical panels, in addition to the consolidation of Idro Meccanica S.r.l.

4.4.15. OTHER RECEIVABLES AND CURRENT ASSETS

This item breaks down as follows:

(Thousands of Euro)	30/06/2022	31/12/2021 restated	Change
Other receivables and current assets			
Tax assets	6,459	7,169	-710
Receivables from others	6,751	6,308	443
Accruals and deferrals	1,840	966	874
Total	15,050	14,443	607

Tax assets consist primarily of VAT recoverable from the tax authorities for Euro 3,485 thousand and income tax credit of Euro 2,177 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.

4.4.16. 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	30/06/2022	31/12/2021 restated	Change
Bank and post office accounts	20,413	27,930	-7,517
Cash	281	109	172
Total	20,694	28,039	-7,345

Cash and cash equivalents totalled Euro 20,694 thousand (Euro 28,039 thousand at 31 December 2021). 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	30/06/2022	31/12/2021 restated	Change
Share capital	11,250	11,250	0
Other reserves	45,078	44,615	463
Profit (loss) for the period	-6,832	-1,020	-5,812
Total Shareholders' equity of the Group	49,496	54,845	-5,349
Capital and Reserves attributable to minority interests	6,316	4,216	2100
Profit (loss) attributable to minority interests	214	1,522	-1308
Total minority interests	6,530	5,738	792
Total consolidated equity	56,026	60,583	-4,557

The share capital stated as at 30 June 2022 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 2022 shows a negative variation of Euro 4,557 thousand compared with 31 December 2021, mainly due to the loss for the period, the change in the translation reserve and the recognition of financial derivative contracts according to the hedge accounting method. For further details on the changes compared with 31 December 2021, please refer to the Consolidated Statement of Changes in Equity.

The other reserves are shown in detail below:

(Thousands of Euro)			
Other reserves	30/06/2022	31/12/2021 restated	Change
Statutory reserve	2,250	2,250	0
Extraordinary and Other Reserves	23,013	13,419	9,594
Share Premium Reserve	19,815	28,946	-9,131
Total Other Reserves of the Group	45,078	44,615	463

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 increased by Euro 9,594 thousand as a result of the following changes:

- the contribution of the prior year results of the subsidiaries, as well as the income from combination deriving from the line-by-line consolidation of SAFE&CEC as of 1 May 2021;
- change in the translation reserve for a positive amount of Euro 501 thousand;
- the recognition, according to hedge accounting rules, of financial derivative contracts for a positive Euro 760 thousand;
- other changes connected with the application of IAS 19 on employee benefits for a positive total of Euro 222 thousand.

The Share Premium Reserve amounted to Euro 19,815 thousand and decreased following its partial use to cover the loss for the year 2021 of the Parent Company.

The minority interest represents the share of equity and result for the year attributable to minority interests of companies not owned in full by the Group.

Share capital increase

The Shareholders' Meeting of Landi Renzo S.p.A. of 29 April 2022 approved a share capital increase for up to Euro 60 million, which is one of the actions included in the new 2022-2025 business plan, and aims to provide the Landi Renzo Group with the necessary funding to support the investment plan, which also includes external investment, in market segments expected to have the most growth, such as biomethane and hydrogen. The share capital increase was guaranteed up to Euro 50 million following the commitment made by TIP - Tamburi Investment Partners S.p.A., the single largest shareholder of Itaca Equity Holding S.p.A., to guarantee in cash the entire share attributable to Itaca Equity Holding S.p.A., and the commitment made by Girefin S.p.A. and Gireimm S.r.l. to guarantee, through the voluntary offsetting of part of the receivable, the capital portion necessary to guarantee the share capital increase up to Euro 50 million to complement the guarantee commitment assumed by TIP - Tamburi Investment Partners S.p.A.

In execution of the investment agreement:

- (i) on 13 June 2022, the NewCo GbD Green by definition S.p.A. was established, to which on 1 July 2022 Girefin S.p.A and Gireimm S.r.l. contributed the Landi Renzo S.p.A. shares they held, in addition to the receivable owed to it and deriving from the interest bearing shareholder loan disbursed by Girefin S.p.A. in the amount of roughly Euro 18.1 million;

- (ii) On 11 July 2022, the Landi Renzo S.p.A. Board of Directors executed the delegation relating to the share capital increase and approved the terms, final conditions and calendar of the paid share capital increase, on the basis of the criteria set by the Extraordinary Shareholders' Meeting of 29 April 2022 in a total maximum amount of Euro 59,625 thousand by issuing up to 112,500,000 ordinary shares, with a nominal value of Euro 0.10, and with regular dividend entitlement, to be offered under option to the shareholders at the ratio of 1 new share for every 1 ordinary share held, at a unit issue price of Euro 0.53, determined by the Board of Directors by applying, on the basis of the Extraordinary Shareholders' Meeting resolution of 29 April 2022, a discount of 16.09% on the theoretical ex right price (TERP) of the Landi Renzo ordinary shares, calculated in accordance with current methodologies on the basis of the weighted average trading price of Landi Renzo ordinary shares in the 5 previous trading days, i.e., 4 July 2022 to 8 July 2022.
- (iii) on 13 July 2022, Consob approved - with note no. 0458563/22 of 13 July 2022 - the EU Recovery Prospectus relating to the offer under option and the admission to trading on the Euronext STAR Milan market organised and managed by Borsa Italiana S.p.A. of Landi Renzo shares.
- (iv) on 14 July 2022, the Extraordinary Shareholders' Meeting of GbD Green by Definition S.p.A. approved the share capital increase reserved to Itaca Gas S.r.l., a company wholly owned by Itaca Equity Holding S.p.A., for a total of Euro 33,500 thousand, and E.M.A 2021 S.r.l., a company vehicle controlled by the Chief Executive Officer Cristiano Musi, for a total amount of Euro 300 thousand. On the same date, and simultaneous with the above-mentioned resolutions, Itaca Gas S.r.l. and E.M.A. 2021 S.r.l. proceeded with the subscription of the share capital increases reserved to them with the issue of the relative shares. Following such subscriptions, the share capital of GbD Green by Definition S.p.A. is 51.08% held by Girefin and Gireimm, companies associated with the Landi Trust, 48.49% held by Itaca Equity Holding S.p.A. (through the vehicle Itaca Gas S.r.l.) and 0.43% held by E.M.A. 2021 S.r.l. Therefore, the Landi Trust (through Girefin and Gireimm) continues to indirectly hold de jure control over Landi Renzo.

These transactions provided GbD Green by Definition S.p.A. with the necessary funding to subscribe its portion of the share capital increase.

As described above, on 4 August 2022 the offer under option period concluded with the exercise of a total of 107,781,064 option rights valid for the subscription of 107,781,064 new shares, equal to roughly 95.805% of the total of new shares, for a total equivalent value of Euro 57,124 thousand. GbD Green by Definition S.p.A. subscribed its portion of the share capital increase (equal to around 59.1068%) pursuant to the subscription commitment made, for a total equivalent value of roughly Euro 35.2 million, of which around Euro 17.1 million by means of a contribution in cash and Euro 18.1 million by means of voluntary offsetting.

The highly positive result of the offer under option, despite the period of strong uncertainty, demonstrates how the financial markets believe in the solidity of the business model of Landi Renzo and its role as a key player in the global energy transition process, thanks to a robust and credible business plan, which bets on the fundamental role to be played by gas, biomethane and hydrogen.

The offer of the non-exercised rights concluded on 7 September 2022 with the subscription of 2,874,208 shares for an equivalent value of Euro 1,523 thousand. Overall, the share capital increase concluded with a total subscription of 98.36% of the offer, for an equivalent value of Euro 58,674 thousand.

NON-CURRENT LIABILITIES

4.4.18. NON-CURRENT BANK LOANS

This item breaks down as follows:

(Thousands of Euro)			
Non-current bank loans	30/06/2022	31/12/2021 restated	Change
Loans and financing	59,185	10,174	49,011
Amortised cost	282	0	282
Total	59,467	10,174	49,293

This item includes the medium/long term portion of bank debts for unsecured loans and finance. It totalled Euro 59,467 thousand at 30 June 2022, compared with Euro 10,174 thousand at 31 December 2021. This significant change is due to the fact that as at 31 December 2021 the main bank loans taken out by the Parent Company were all classified as current, as required by the reference accounting standards, as the relative waiver letters were received after year-end close.

If such letters of consent had been received by 31 December 2021, non-current bank loans as at 31 December 2021 would have amounted to Euro 68,945 thousand.

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.

The annual repayment plan for loans and financing, based on the balances at 30 June 2022, is shown below.

(Thousands of Euro)	
Maturities	Loans and financing
2022 (H2)	13,378
2023 (H1)	8,267
Amortised cost	-6
Bank financing and short-term loans	21,639
2023 (H2)	5,841
2024	29,854
2025	6,901
2026	6,176
2027	5,250
2028 and beyond	5,163
Amortised cost	282
Non-current bank loans	59,467
Total	81,106

In order to further strengthen the Group's financial structure and make it more consistent with the flows expected from the 2022-2025 Business Plan, in June 2022 two new loan agreements were entered into, namely:

- a new loan agreement backed by the SACE guarantee (effective as of 29 June 2022) which, for the same financed amount (Euro 21 million), calls for the deferral of the pre-amortisation period of 24 months and repayment of the final instalment on 31 March 2028;
- a new pool loan agreement, for a financed amount of Euro 52 million (compared with the remaining Euro 46 million on the current pool loan agreement), which calls for a 24-month pre-amortisation period and repayment of the final instalment of Euro 20.5 million in June 2027. The effectiveness of that agreement is subject to the condition precedent of the performance of the above-mentioned share capital increase by 30 September 2022 in an amount of at least Euro 50 million; in this regard, please note that on 7 September 2022 the auction was concluded on the rights not exercised, so that the share capital increase has currently been subscribed for a total of Euro 58,647 thousand, with the issue of 110,655,272 new shares. On the basis of what was described previously, this latter condition should be deemed met. As a result, bank loans were shown in these interim financial statements consistent with the maturities of the original amortisation plan.

The new agreements call for the calculation of financial parameters (NFP/EBITDA) starting from the calculation date of 31 December 2022.

In June 2022, following punctual negotiations with the financing institutions, all credit institutions underwriting the loans provided their consent to the requests made by Landi Renzo S.p.A., issuing waiver letters with respect to the financial covenants as at 30 June 2022. The above-mentioned waiver letters are expressly subject to the condition of the finalisation of the share capital increase transaction of the parent company Landi Renzo S.p.A., to be carried out in an amount of at least Euro 50 million, by no later than 30 September 2022; in this regard, please note that on 7 September 2022 the auction was concluded on the rights not exercised, so that the share capital increase has currently been subscribed for a total of Euro 58,647 thousand, with the issue of 110,655,272 new shares.

With regard to the new loan agreement backed by the SACE guarantee, which was already effective as at 30 June 2022, an accounting assessment was performed to establish whether that loan agreement was a derecognition or a modification pursuant to IFRS 9.

Pursuant to this standard, a substantial change in the terms of all or part of an existing financial liability must be accounted for as an extinction of the original financial liability and the recognition of a new financial liability. The terms of this accounting method are substantially different if the discounted present value of the cash flows according to the new conditions, inclusive of any fees paid (net of any fees received and discounted using the original effective interest rate) is different from the discounted present value of the residual cash flows of the original financial liability by at least 10% ("10% test").

In order to perform the 10% test, the provisions of the amendment "Annual Improvements to IFRS Standards 2018–2020", applicable as of 1 January 2022 and which also modified several paragraphs of IFRS 9, were applied.

After the 10% test was passed, the SACE loan was considered a modification of the previous loan. The valuation of this transaction in accordance with the dictates of that standard entailed the recognition of notional financial expenses in the income statement totalling Euro 843 thousand as at 30 June 2022, the effective date of the transaction.

With reference to the new pool loan, as this transaction was not yet effective as at 30 June 2022, these analyses will be carried out subsequent to the relative closing.

4.4.19. OTHER NON-CURRENT FINANCIAL LIABILITIES

At 30 June 2022, other non-current financial liabilities totalled Euro 26,724 thousand (Euro 9,320 thousand at 31 December 2021) and relate:

- for Euro 17,364 thousand (net of the amortised cost) to the non-current share of the loan taken out in March 2022 by Landi Renzo S.p.A. from Invitalia (Agenzia Nazionale per l'Attrazione degli Investimenti e lo sviluppo di impresa SpA) with a duration of 5 years - of which one year of pre-amortisation - at a facilitated rate, drawn on the Fund Supporting Large Companies in difficulty - art. 37 of Italian Decree-Law no. 41/2021, Italian Interministerial Decree of 5 July 2021 and Italian Executive Decree of 3 September 2021;
- for Euro 6,943 thousand (net of the amortised cost) to the bond issued on 30 December 2021 by the subsidiary SAFE S.p.A. and subscribed by Finint, for a value of Euro 7 million and intended to finance the acquisition of 100% of the share capital of Idro Meccanica S.r.l.;
- for Euro 1,200 thousand to the loans disbursed by Simest to the parent company Landi Renzo S.p.A. and the subsidiaries SAFE S.p.A. and Metatron S.p.A. during 2021;
- for Euro 909 thousand to the non-current portion of the financial payable of the subsidiary IMW Canada to the lessor of the Canadian plant for improvements made by that lessor on the building in which the company carries on business;
- for Euro 308 thousand to the payable recognised with respect to the minority shareholders of the subsidiary Metatron Control System Shanghai for the acquisition of their shares amounting to 10% of the company's share capital.

The annual repayment plan of other financial liabilities, based on the balances at 30 June 2022, is shown below.

(Thousands of Euro)	
Maturities	Other borrowings
2022 (H2)	18,275
2023 (H1)	2,113
Amortised cost	-90
Other current financial liabilities	20,298
2023 (H2)	1,993
2024	6,155
2025	6,128
2026	6,129
2027	6,086
2028 and beyond	457
Amortised cost	-224
Other non-current financial liabilities	26,724
Total	47,022

4.4.20. NON-CURRENT LIABILITIES FOR RIGHTS OF USE

This item breaks down as follows:

(Thousands of Euro)

	31/12/2021 restated	Idro Meccanica consolidation	Increases	Repayments	Other changes	30/06/2022
Buildings	11,651	0	4,499	-1,693	427	14,884
Plant and machinery	614	0	0	-64	67	617
Motor vehicles	556	24	81	-198	1	464
Total	12,821	24	4,580	-1,955	495	15,965
of which current	2,624					3,190
of which non-current	10,197					12,775

4.4.21. PROVISIONS FOR RISKS AND CHARGES

This item breaks down as follows:

(Thousands of Euro)

Provisions for risks and charges	31/12/2021 restated	Idro Meccanica consolidation	Allocation	Utilisation	Other changes	30/06/2022
Provision for product warranties	3,836	0	992	-956	78	3,950
Provision for lawsuits in progress	107	0	0	0	11	118
Provisions for pensions	309	500	21	-117	-119	594
Other provisions	283	50	323	-323	131	464
Total	4,535	550	1,336	-1,396	101	5,126

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 2022 this provision totalled Euro 3,950 thousand, after allocations of Euro 992 thousand. Uses of the provision for risks of the provision for product warranties, totalling Euro 956 thousand, are due to the coverage of warranty costs correlated with supplies provided in previous years.

Other provisions include the provision for customer penalties (Euro 323 thousand), recognised by the management for disputes received from a South American customer on delivery delays not attributable to the Group, and used during the first half of the year.

The contribution of Idro Meccanica S.r.l. of Euro 550 thousand relates primarily to the provision for end of service benefits for several company directors (Euro 500 thousand).

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	31/12/2021 restated	Idro Meccanica consolidation	Allocation	Utilisation	Other changes	30/06/2022
Employee post-employment benefits	3,977	191	271	-694	-5	3,740

Uses totalling Euro 694 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	30/06/2022
Demographic table	SIM2019 / SIF2019
Discount rate (Euro Swap)	2.85%
Probability of request for advance	1.50%
Expected % of employees who will resign before pension	8.00%
Maximum % of TFR (employee severance indemnity) requested in advance	70.00%
Annual cost of living increase rate	3.00%

4.4.23. DEFERRED TAX LIABILITIES

At 30 June 2022, deferred tax liabilities that did not meet the offsetting requirements for the purposes of IAS 12 totalled Euro 1,327 thousand (Euro 1,468 thousand at 31 December 2021), with a decrease of Euro 125 thousand.

(Thousands of Euro)			
Offsettable deferred tax liabilities and assets	30/06/2022	31/12/2021 restated	Change
Deferred tax liabilities	2,299	1,452	847
Deferred tax assets	-972	0	-972
Total net deferred tax liabilities	1,327	1,452	-125

Deferred tax liabilities relate primarily to temporary differences between the carrying amounts of certain intangible assets and the values recognised for tax purposes.

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	30/06/2022	31/12/2021 restated	Change
Derivatives on interest rates					
Loans	2	0	0	99	-99
Total			0	99	-99

As at 30 June 2022, the Group's derivative contracts had a positive fair value of Euro 888 thousand.

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	30/06/2022	31/12/2021 restated	Change
Advances, import fin. and other current bank payables	28,210	25,830	2,380
Loans and financing	21,645	78,066	-56,421
Amortised cost	-6	-488	482
Total	49,849	103,408	-53,559

"Bank financing and short-term loans", totalling Euro 49,849 thousand (Euro 103,408 thousand at 31 December 2021), consists of the current portion of existing unsecured loans and financing and of the utilisation of short-term commercial credit lines. As already mentioned previously, the change compared with the previous year is due to the fact that the comparative data as at 31 December 2021 include in current portions the entire amount of loans outstanding following the issue of waiver letters subsequent to year-end close as at 31 December 2021.

If such letters of consent had been received by year-end close, Current loans and financing as at 31 December 2021 would have amounted to Euro 18,805 thousand.

4.4.26. OTHER CURRENT FINANCIAL LIABILITIES

This item, totalling Euro 20,298 thousand (Euro 274 thousand at 31 December 2021), includes primarily:

- The shareholder loan provided by Girefin S.p.A. to Landi Renzo S.p.A. for Euro 18,132 thousand (including accrued interest). This loan, bearing interest at the annual rate of 1% and disbursed in February 2022, was intended for the payment of the total consideration paid to the minority shareholders and Italy Technology Group S.r.l., in an equal amount. Pursuant to the related party transaction procedure adopted by the Company, the above-mentioned shareholder loan should be considered "significant" and, as such, it was submitted for a preventive opinion to the Committee for transactions with related parties, consisting exclusively of independent directors, which expressed its favourable opinion on the Company's interest in entering into the shareholder loan agreement, as well as the

cost effectiveness and fairness of the relative conditions. On 1 July 2022 this loan was transferred by Girefin S.r.l. to GbD Green by Definition S.p.A. as part of the share capital increase transaction:

- the current portion of the Invitalia loan, equal to Euro 1,817 thousand (net of the amortised cost);
- Euro 201 thousand relating to the residual debt on 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 75 thousand relating to the current portion of the financial payable of the subsidiary IMW Industries Ltd (Canada) to the lessor of the building in which the company carries on business.

As described above, the receivable of GbD Green by Definition S.p.A. (and originally disbursed by Girefin S.p.A.) was subject to voluntary offsetting, pursuant to article 1252 of the Italian Civil Code, in August 2022 after Green by definition S.p.A. participated in the share capital increase.

4.4.27. CURRENT LIABILITIES FOR RIGHTS OF USE

This item amounted to Euro 3,190 thousand (Euro 2,624 thousand at 31 December 2021) and relates to the current portion of right-of-use payables recognised in the financial statements following the application of the new international accounting standard IFRS 16 - Leases.

4.4.28. TRADE PAYABLES

Trade payables can be analysed by geographical segment as follows:

(Thousands of Euro)			
Trade payables by geographical area	30/06/2022	31/12/2021 restated	Change
Italy	64,018	61,521	2,497
Europe (excluding Italy)	10,908	8,332	2,576
America	9,773	8,164	1,609
Asia and Rest of the World	3,645	4,869	-1,224
Total	88,344	82,886	5,458

Trade payables totalled Euro 88,344 thousand, with an increase of Euro 5,458 thousand compared with 31 December 2021.

Trade payables to related parties are Euro 1,017 thousand and mainly refer to relations with the companies Gireimm S.r.l. and Gestimm S.r.l. for property lease payments. All the related transactions are carried out at arm's length conditions.

4.4.29. TAX LIABILITIES

At 30 June 2022 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 3,456 thousand, compared with Euro 3,758 thousand at 31 December 2021.

4.4.30. OTHER CURRENT LIABILITIES

This item breaks down as follows:

(Thousands of Euro)			
Other current liabilities	30/06/2022	31/12/2021 restated	Change
Payables to welfare and social security institutions	2,168	2,263	-95
Other payables (payables to employees, to others)	16,411	36,580	-20,169
Advance payments	17,063	9,353	7,710
Accrued expenses and deferred income	2,223	1,745	478
Total	37,865	49,941	-12,076

Other current liabilities totalled Euro 37,865 thousand, a decrease of Euro 12,076 thousand compared with 31 December 2021, primarily as a result of the payment in February 2022 by Landi Renzo S.p.A. of Euro 18,062 thousand to minority shareholders and Italy Technology Group S.r.l. as consideration for the acquisition of the Metatron Group. The item other payables includes the remaining payable to Italy Technology Group S.r.l. of Euro 7,374 thousand, for the balance of the Metatron acquisition, which was paid on 7 September 2022, and the payable of Euro 640 thousand of SAFE S.p.A. for the acquisition of the remaining 10% of Idro Meccanica S.r.l., expected to take place by year-end.

The changes in Advance payments were related to the increase in contract work in progress of the Clean Tech Solutions segment due to delays in the completion of several orders following difficulties in obtaining components and electrical panels.

INCOME STATEMENT

Due to the line-by-line consolidation as of May 2021 of the results of the SAFE&CEC Group, since August 2021 of the results of the Metatron Group and as of January 2022 of the results of Idro Meccanica S.r.l., the consolidated financial performance as at 30 June 2022 is not directly comparable with that of the same period of the previous year.

4.4.31. REVENUES

(Thousands of Euro)			
Revenues from sales and services	30/06/2022	30/06/2021	Change
Revenues related to the sale of assets	140,980	94,627	46,353
Revenues for services and other revenues	3,466	1,335	2,131
Total	144,446	95,962	48,484

During the first half of 2022, the Landi Renzo Group achieved revenues of Euro 144,446 thousand, an increase of Euro 48,484 thousand compared with the same six months of the previous year.

This increase is linked to the higher sale volumes compared with the previous year and the effects of the change in the scope of consolidation.

Revenues from related parties totalling Euro 1,772 thousand refer to supplies of goods to the Joint Venture Krishna Landi Renzo India Private Ltd Held and to the Joint Venture EFI Avtosanoat-Landi Renzo LLC.

4.4.32. OTHER REVENUES AND INCOME

This item breaks down as follows:

(Thousands of Euro)			
Other revenues and income	30/06/2022	30/06/2021	Change
Grants	195	582	-387
Other income	289	292	-3
Total	484	874	-390

“Other revenues and income” totalled Euro 484 thousand (Euro 874 thousand at 30 June 2021) and mainly relate to grants.

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	30/06/2022	30/06/2021	Change
Raw materials and parts	50,324	45,036	5,288
Finished products intended for sale	36,072	13,613	22,459
Other materials and equipment for use and consumption	1,553	994	559
Total	87,949	59,643	28,306

The total costs for purchases of raw materials, consumables and goods (including the change in inventories) amount to Euro 87,949 thousand (Euro 59,643 thousand at 30 June 2021), an increase of Euro 28,306 thousand compared with 30 June 2021.

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	30/06/2022	30/06/2021	Change
Industrial and technical services	17,507	12,354	5,153
Commercial, general and administrative services	8,322	4,591	3,731
Non-recurring strategic consultancy	355	455	-100
Non-recurring COVID-19 costs	0	61	-61
Costs for use of third-party assets	652	380	272
Total	26,836	17,841	8,995

Costs for services and use of third-party assets amounted to Euro 26,836 thousand (Euro 17,841 thousand at 30 June 2021) with an increase of Euro 8,995 thousand and are inclusive of non-recurring expenses relating to strategic consultancy (Euro 355 thousand).

The increase in costs for industrial and technical services was caused by the consolidation of the SAFE&CEC Group and the Metatron Group as well as the increase in Green Transportation 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 standard, 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	30/06/2022	30/06/2021	Change
Wages and salaries, social security contributions and expenses for defined benefit plans	19,776	12,226	7,295
Temporary agency work and transferred work	2,334	1,405	929
Directors' remuneration	351	405	201
Non-recurring personnel costs and expenditure	54	400	-346
Total	22,515	14,436	8,079

Personnel costs totalled Euro 22,515 thousand, an increase compared with the previous half-year (Euro 14,436 thousand) following the consolidation of the SAFE&CEC Group, the Metatron Group and Idro Meccanica S.r.l. Non-recurring personnel costs totalled Euro 54 thousand.

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.

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	30/06/2022	31/12/2021	30/06/2021
Landi Renzo S.p.A.	291	297	303
Metatron S.p.A.	82	95	0
SAFE S.p.A.	119	108	100
Idro Meccanica srl	14	n/a	n/a
Foreign companies	470	487	467
Total	976	987	870

On 29 April 2022, the Shareholders' Meeting approved, pursuant to Article 114-bis of Italian Legislative Decree 58/98, a compensation plan named the "2022-2024 Landi Renzo S.p.A. Performance Shares Plan" concerning the free assignment of the right to receive Landi Renzo S.p.A. ordinary shares (to the extent of one share for each right assigned) free of charge, subject to meeting the entry gate and based on the degree to which specific performance objectives are reached. The plan is for the Chief Executive Officer of the Company as well as other managers, who will be identified by the Board of Directors, after consulting with the Remuneration Committee, who carry out significant roles or functions and for whom an action to strengthen their loyalty is justified with a view to creating value. The Shareholders' Meeting vested the Board of Directors with the relative powers to execute the performance shares plan, including (i) approval of the plan regulation, (ii) identification of beneficiaries and (iii) determination of target values and objectives. At the date on which these condensed half-yearly consolidated financial statements were drafted the plan beneficiaries had not yet been defined, except for the Chief Executive Officer, and the relative bilateral agreements had not yet been signed with them, therefore no costs relating to that plan were recognised for the half-year.

4.4.36. ALLOCATIONS, WRITE-DOWNS AND OTHER OPERATING EXPENSES

Allocations, write-downs and other operating expenses totalled Euro 2,322 thousand (Euro 1,354 thousand at 30 June 2021), up primarily due to higher provisions for product warranties, directly correlated with volumes sold, as well as the change in the scope of consolidation.

4.4.37. AMORTISATION, DEPRECIATION AND IMPAIRMENT

This item breaks down as follows:

(Thousands of Euro)			
Amortisation, depreciation and impairment	30/06/2022	30/06/2021	Change
Amortisation of intangible assets	4,836	3,809	1,027
Depreciation of tangible assets	2,131	2,023	108
Depreciation of rights of use	1,757	1,244	513
Total	8,724	7,076	1,648

Amortisation and depreciation amounted to Euro 8,724 thousand (Euro 7,076 thousand at 30 June 2021). 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 55 thousand (Euro 86 thousand at 30 June 2021) and refers to interest income on bank deposits.

4.4.39. FINANCIAL EXPENSES

Financial expenses at 30 June 2022 amounted to Euro 3,531 thousand (Euro 1,937 thousand at 30 June 2021) and 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 293 thousand) and the non-recurring effect linked to the valuation according to the dictates of IFRS 9 of the new loan agreement backed by the SACE guarantee.

This new loan agreement, which represents a replacement of the previous agreement and was entered into with the same banking counterparties, was valued in accordance with IFRS 9 with the resulting recognition of notional financial expenses in the income statement of Euro 843 thousand as at 30 June 2022, its effective date.

4.4.40. EXCHANGE GAINS AND LOSSES

The net exchange differences amounted to Euro 826 thousand (Euro -595 thousand at 30 June 2021), mainly due to gains from valuation, in particular due to the appreciation of Latam area currencies.

At 30 June 2022, the Group did not have financial instruments hedging exchange rate risk.

4.4.41. INCOME (EXPENSES) FROM EQUITY INVESTMENTS

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

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

This item, totalling Euro 143 thousand (Euro -138 thousand at 30 June 2021), includes the measurement using the equity method of the joint venture Krishna Landi Renzo, which in the first half of 2022 significantly boosted its sales to a major Indian OEM customer, recording revenue of Euro 15 million.

4.4.43. TAXES

Taxes at 30 June 2022 totalled Euro -557 thousand, compared with a negative Euro 627 thousand at 30 June 2021. The Parent Company and Metatron S.p.A. prudently did not recognise deferred tax assets against losses recorded during the half.

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 -0.0607. The earnings per share for the first half of 2021 were positive at Euro 0.0137.

At the end of the offer under option period of the share capital increase described above, which concluded on 4 August 2022, during which 107,781,064 option rights were exercised, valid for the subscription of 107,781,064 new shares, the share capital included 220,281,064 shares with a nominal value of Euro 0.10 per share for a total of Euro 22,028,106.40.

OTHER INFORMATION

4.4.45. ANALYSIS OF THE MAIN DISPUTES IN PROGRESS

At 30 June 2022, 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 Renzo Group deals with related parties at conditions considered to be arm's length on the markets in question, taking account of the characteristics of the goods and the services supplied.

Transactions with related parties include:

- the service contracts between Gireimm S.r.l. and Landi Renzo S.p.A. for rent of the property used as the operational headquarters of the Parent Company located in the town of Corte Tegge – Cavriago (RE);
- 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 (RE);
- the service contracts between Gireimm S.r.l. and SAFE S.p.A. for rent of the property used as the operational headquarters of the company located in San Giovanni in Persiceto;
- the service contracts between Reggio Properties LLC, a company in which a stake is held through the parent company Girefin S.p.A., for the rents on properties used by the US company;
- supply of goods to the joint venture Krishna Landi Renzo India Private Ltd Held and to the joint venture EFI Avtosanoat-Landi Renzo LLC;
- the loan granted by Landi Renzo S.p.A. and Krishna Landi Renzo India Private Ltd Held;
- the loan granted by Girefin S.p.A. to Landi Renzo S.p.A. for Euro 18,062 thousand, bearing interest at the rate of 1% and used for the partial payment to Italy Technology Group S.r.l. and minority shareholders for the acquisition of the Metatron Group; transferred by Girefin S.p.A. to GbD Green by Definition S.p.A. on 1 July 2022 as part of the share capital increase transaction.

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.	0	0	0	323	0	0	9	0	162	0
Krishna Landi Renzo India Priv. Ltd	1,081	691	34	0	0	143	9	3,103	408	600
Efi Avtosanoat	0	0	0	0	0	0	0	443	0	0
Reggio Properties LLC	0	0	0	50	0	0	0	0	0	0
Gireimm S.r.l.	0	0	0	737	0	0	0	0	447	0
Girefin S.p.A.	0	0	0	0	0	0	-70	0	0	18,131
Autofuels	0	0	0	0	0	0	0	198	0	0
Total	1,081	691	34	1,110	0	143	-52	3,744	1,017	17,531

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 2022 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 2022 no non-recurring significant events or transactions took place, except for the refinancing transaction 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 2022.
- 2) We furthermore declare that:
- 2.1) The condensed half-yearly consolidated financial statements at 30 June 2022:
- 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, 9 September 2022

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 2022, 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 2022 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 the paragraph “Share capital increase” of the Interim Report on Operating Performance, where the Directors have described that the share capital increase of Landi Renzo SpA has been completed in September 2022, for a total value of approximately Euro 59 million, and the main characteristics of such transaction and the related effects on the Landi Renzo Group.

Parma, 12 September 2022

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.