
Landi Renzo: Board of Directors approves results as of September 30, 2022

- **Consolidated revenues** of €216.4 million, up (+33.1%) from €162.6 million as of September 30, 2021. On a like-for-like basis, consolidated revenues are up 11.4% compared to the same period in 2021.
- **Adjusted EBITDA** was equal to €8.7 million (+15.2%), corresponding to 4% of revenues, compared to €7.6 million as of September 30, 2021.
- **EBITDA** amounted to €7.1 million, increased by €1.1 million and equal to 3.3% of revenues (€6 million as of September 30, 2021).
- **Net Result** was negative for €9.9 million, compared to a loss of €1.1 million as of September 30, 2021, including €8.8 million capital gain from the consolidation of SAFE&CEC in May 2021.
- **Net Financial Position** was negative and amounted to €100.3 million (negative and equal to €133.5 million as of December 31, 2021). Adjusted Net Financial Position as of September 30, 2022 was €85.4 million, including €19 million related to the Clean Tech Solutions segment and €66.4 million related to the Green Transportation segment.
- The Group's management structure has been strongly strengthened. By appointing our Chief Financial Officer and Financial Reporting Manager in charge of drawing the Company's financial statements, Chief Operations Officer and Head of Strategy and Business Development, the Group improves and speeds up on streamlining operations and achieving the plan's targets.
- Hydrogen developments are progressing both in the Clean Tech Solutions segment, with a significant order book and several negotiations already in place, and in the Green Transportation field, with a substantial number of initiatives underway.

Caviago (RE), November 30th, 2022 - The Board of Directors of Landi Renzo, chaired by Stefano Landi, gathered today and approved the quarterly financial report as of September 30, 2022.

Energy transition and sustainable mobility are once again at the core of governments' strategies, as they engage in a global commitment to reduce climate change's effects through the development of new energy model propelled by renewable energies, such as the REPowerEU plan and the Us Inflation Act, highlighting, among other things, the key role of hydrogen and biomethane. In this context, Landi Renzo Group's positioning is strengthened as it is involved along the value chains of both the distribution of natural gas, biomethane and hydrogen ("Clean Tech Solutions" sector) and the so-called Green Mobility, along with a rising number of Group's biomethane and hydrogen-based projects.

“This quarter, characterized by a backdrop filled with many turbulent elements impacting many sectors, including the automotive one, was marked by the successful closing of a major capital increase, involving a long-term investor such as Itaca Equity Holding joining Landi Renzo to support the Group’s growth in both the compression and automotive segments. This operation will allow Landi Renzo to secure the necessary funding to strengthen its position in global energy transition trends, also by means of an effective investment plan,” **Stefano Landi, Chairman of Landi Renzo S.p.A.**, said.

Cristiano Musi, Chief Executive Officer at Landi Renzo S.p.A., added, *“The third quarter showed a consistent resilience of Landi Renzo’s presence in the sectors in which it operates. The Group succeeded in maintaining, and in some segments improving, its market share, reflecting a sound strategy. However, the quarter was impacted by cost dynamics and some components shortages, which produced an impact on margins and led to an increase in inventory and semi-finished goods. Therefore, we have implemented several tangible measures to recover extra costs and to quickly achieve a more effective management of the working capital, whose implementation, however, was initially slowed down as a result of the cyber-attack experienced by the Group. The most important step along this path was the significant strengthening of the Group’s management structure, with the appointment of the new CFO, Vittorio Tavanti, of the new Group COO, Corrado Belicchi, and the new Head of Strategy and Business Development, Giorgio Maria Nero. We are sure that the experience and expertise that these professionals will bring to the Group will contribute greatly to our development project.”*

Results highlights as of September 30, 2022

As a result of the shift in the scope of consolidation, due to the full consolidation as of May 2021 of SAFE&CEC Group’s results, as of August 2021 of Metatron Group’s results, and the consolidation of Idro Meccanica S.r.l. as of January 2022, the consolidated financial results, as of September 30, 2022, are not directly comparable with those of the same period of the previous year.

Consolidated revenues in the first nine months of 2022 amounted to €216,351 thousand, up by €53,793 thousand (+33.1%) compared to the same period last year. On a like-for-like basis, the consolidated revenue rise is up 11.4% compared to the first nine months of 2021.

Group’s **adjusted EBITDA** in the first nine months of 2022 was equal to €8,704 thousand, or 4% of revenues, compared to €7,555 thousand (4.6% of revenues) in the same period last year.

Group’s EBITDA amounted to €7,070 thousand (€5,952 thousand as of September 30, 2021), and it included non-recurring costs amounting to €1,634 thousand (€1,603 thousand as of September 30, 2021).

Group’s EBIT was negative at €5,995 thousand (negative and amounting to €5,437 thousand as of September 30, 2021), after accounting amortizations and depreciations of €13,065 thousand (€11,389 thousand as of September 30, 2021), including €2,626 thousand due to the application of IFRS 16 - Leases (€2,123 thousand as of September 30, 2021).

Total **financial expenses** (interest income, interest expense, and exchange rates effects) amounted to €3,368 thousand (€3,621 thousand as of September 30, 2021) and included positive exchange rate effects amounting to €1,128 thousand (negative and amounting to €690 thousand as of September 30, 2021).

Group's **EBT** was negative and amounted to €8,873 thousand in the first nine months of the year. As of September 30, 2021, Earnings Before Taxes (EBT) was negative and amounted to €71 thousand, including an aggregation gain of €8,783 thousand, resulting from the line-by-line consolidation as of April 2021 of the SAFE&CEC Group, which was previously consolidated using the equity method.

Group and third-party's **Net Result** for the reporting period as of September 30, 2022 reported a €9,892 thousand loss, considering Group and third-party's loss of €1,067 thousand as of September 30, 2021, including the proceeds of aggregation of € 8,783 thousand shown above.

Net Financial Position as of September 30, 2022 amounted to €100,270 thousand (€133,493 thousand as of December 31, 2021), of which €15,657 thousand was due to the application of IFRS 16 - Leases, positive €1,422 thousand was due to the fair value of derivative financial instruments, and a total of €640 thousand was due to the outstanding debt for the acquisition of Idro Meccanica S.r.l. (this amount is classified under Other current liabilities in the consolidated statement of financial position). Without taking into account the effects of applying this accounting standard, the fair value of derivative financial instruments, and the outstanding debt for acquisition of equity investments, Adjusted Net Financial Position as of September 30, 2022 would have been €85,395 thousand, of which €66,401 thousand is attributable to the Green Transportation segment and €18,994 thousand is attributable to the Clean Tech Solutions segment.

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

Green Transportation segment' sales, as of September 30, 2022, amounted to €141,235 thousand (including €10,412 thousand related to Metatron Group) and grew by €21,404 thousand (up 17,9%) thanks to the After Market recovery in Latam and Europe, as well as rising orders from a leading OEM customer.

Persisting challenges in the logistics sector, raw material shortages (mainly semiconductors) and rising energy costs, as well as the uncertainty stemming from the lingering Russia-Ukraine conflict, all continue to affect component manufacturers' results throughout the supply chain. This market situation keeps leading to material price increases and struggles to meet existing orders.

The Group's sales in the **OEM** channel, including the input of the Metatron Group, amounted to €74.1 million, up 32.1% compared to September 30, 2021, as a result, in addition to the change in the scope of consolidation, of substantial orders from a leading OEM customer targeting LPG bifuel engines to develop its "green" offering and Mid&Heavy Duty revenue growth in the US.

Sales on the **After Market** channel, amounting to €67.1 million (up 5% over September 30, 2021), are related to orders from authorized distributors and installers, both domestic and foreign, and are increasing mainly as a result of Latam and Europe upturn. Following the ongoing update of sales lists in the After Market channel, margins remained steady compared to the previous year.

On the other hand, on the OEM channel margins are down mainly due to the challenge of adjusting price lists to rising costs of components and raw materials for costumers, only partly offset by better margins from Mid-Heavy Duty component sales. However, negotiations are ongoing with major OEM customers to adjust sales price lists and some extra-costs recovery.

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

- In **Italy**, Group sales are up compared to the same period in the previous year (+24.2%), bucking the trend of new vehicle registrations (down 15.9% according to UNRAE data - Unione Nazionale Rappresentanti Autoveicoli Esteri), mainly due to the upturn in demand in the After Market channel. The sharp increase in methane prices at the pump negatively affected methane passenger car registrations, offset by the increase in LPG passenger cars registrations. Overall, in the first half of 2022, registrations of new vehicles (OEM) powered by gas engines (methane and LPG) account for about 9% of the total registered.
- The rest of **Europe** accounts for 48.9% of total sales (53.1% in the nine months of 2021) and it is up 8.6%, thanks both to significant orders from a leading OEM customer, which has focused on LPG bifuel engines for the development of its “green” offering, and to the recovery of the After Market.
- Sales achieved in the first nine months of 2022 on the **American continent**, amounting to €22,227 thousand (€15,127 thousand as of September 30, 2021), recorded a 46.9% increase due to the positive performance of the Latam area, on the After Market channel, and the United States for OEM Mid&Heavy Duty components.
- Markets in **Asia** and the **Rest of the World**, accounting for 22.1% of total sales (21.7% in the first nine months of 2021), are up 20% thanks to the positive performance of the Asian and North African markets.

In the first nine months of 2022, the **adjusted EBITDA** of the Green Transportation segment, net of nonrecurring costs amounting to €1,410 thousand, was a positive €4,422 thousand, or 3.1% of revenues, up from the same period last year (€2,801 thousand, or 2.3% of revenues and net of nonrecurring costs amounting to €1,333 thousand). The third quarter of 2022 registered an economic results drop compared to the previous quarter due to a changed sales mix, with a higher proportion of sales in the OEM channel, in addition to the rise of raw material prices.

Adjusted EBITDA for the Green Transportation segment includes nonrecurring allocations of €454 thousand for write-downs of receivables due from Russian and Ukrainian customers, as well as allocations of fines for late deliveries that are not directly attributable to Landi Renzo in the amount of €323 thousand.

Performance of the “Clean Tech Solutions” operating segment

As a result of the full consolidation of SAFE&CEC Group starting from May 2021 and the consolidation of

Idro Meccanica S.r.l. starting from January 2022, figures for the Clean Tech Solutions segment are not directly comparable with the same period for the previous fiscal year.

In the first nine months of 2022, the Clean Tech Solutions segment **revenues** amounted to €71,437 thousand (adjusted to Idro Meccanica S.r.l. revenues of €3,679 thousand), up 7.8% compared to the same “pro forma” period last year (€66,295 thousand), including the non-consolidated months of 2021, reflecting the growing interest in gas mobility from several countries, currently strengthening their distribution networks. This figure is significantly interesting when taking into account the challenges faced during the period in sourcing the parts required for advancement and completion of orders. In fact, SAFE&CEC Group continues to show growing results and an order backlog that can cover the first half of 2023.

Pro forma adjusted EBITDA amounted to €4,322 thousand (or 6.1% of revenues), down 19.5% from the first nine months of 2021 (pro forma). This decline is mainly attributable to the significant increase in material and logistics costs which were not passed on to customers as they were related to bids carried out during 2022, yet whose prices were agreed and contractualized with customers during 2021.

New offerings in the pipeline were updated according to new market prices.

Pro forma EBIT amounted to €1,966 thousand, or 2.8% of revenues, compared to 4.1% in the first nine months of 2021.

Major events after the end of the first 9M 2022 period

In October, Landi Renzo S.p.A. suffered an IT attack that made some company servers temporarily and partially unavailable. The Company promptly activated a task force of experts carrying out careful and in-depth analyses on the attack’s dynamics, highlighting the back-up systems’ full integrity and intervening with a set of coordinated actions to fully restore all priority business activities by localizing their potential impact. The Group immediately notified all relevant institutional bodies about the event and took the necessary steps to protect the company’s interest by implementing the required actions to rectify the IT breach, protect its customers, suppliers, employees and collaborators data, and also to prevent similar events from recurring in the future. Since the week following the attack, routine activity has been gradually reactivated, reaching full capacity in the first week of November. The temporary unavailability of the ERP system resulted in a slowdown not only of production activities, but also logistics, order management and administrative activities, while also causing the postponement of the publication of Interim Management Report as of September 30, 2022.

Foreseeable management development

Building on the evidence of recovery signs in some key markets such as Europe and Asia, as well as SAFE&CEC’s order backlog, the Group’s management believes that the Group’s consolidated earnings targets for fiscal year 2022, projected to be up from fiscal year 2021, are confirmed.

Strengthening of the management structure: appointment of our Chief Financial Officer and Financial Reporting Manager in charge of drawing the Company's financial statements, as well as strengthening the management structure.

The Board of Directors has approved the appointment of Vittorio Tavanti, starting from December 1st, 2022 as the new Chief Financial Officer and Investor Relator.

Corrado Belicchi and Giorgio Maria Nero have also joined the Group respectively as Chief Operating Officer and as Head of Strategy and Business Development. Paolo Cilloni will continue to serve in another key strategic role within the Group, as Chief Financial Officer of SAFE&CEC Group (Clean Tech Solutions segment).

Vittorio Tavanti has extensive international experience in senior roles in finance and control, built up in renowned blue chips with global presence, including Schneider Electric, General Electrics, Siemens, and Baker Hughes.

Besides his role as Chief Financial Officer, Dr. Tavanti will also serve as the Company's Financial Reporting Manager in charge of drawing the Company's financial statements. The Board of Directors, having assessed the requirements of professionalism and honorability of the executive and acquired the favorable opinion of the Board of Statutory Auditors, voted to appoint Vittorio Tavanti as Financial Reporting Manager in charge of drawing the Company's financial statements

Corrado Belicchi joins Landi Renzo Group from AlixPartners, where he served as Director of the Automotive and Industrial practice. Previously, he held senior roles in Italian and global companies such as Sun Microsystems, Eds, Kearney, and Ernst & Young Consultants; Giorgio Maria Nero joins the Group from Kearney, and previously held roles in RFI - Rete Ferroviaria Italiana, Studio Speri, and SATPI.

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

This press release is a translation. The Italian version prevails

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

LANDI RENZO

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(thousands of Euro)

	30/09/2022	30/09/2021 Restated
CONSOLIDATED INCOME STATEMENT		
Revenues from sales and services	216,351	162,558
Other revenues and income	582	1,568
Cost of raw materials, consumables and goods and change in inventories	-134,846	-101,648
Costs for services and use of third-party assets	-39,455	-29,879
Personnel costs	-32,368	-24,473
Allocations, write downs and other operating expenses	-3,194	-2,174
Gross Operating Profit	7,070	5,952
Amortization, depreciation and impairment	-13,065	-11,389
Net Operating Profit	-5,995	-5,437
Financial income	988	150
Financial expenses	-5,484	-3,081
Exchange gains (losses)	1,128	-690
Income (expenses) from equity investments	-288	8,768
Income (expenses) from joint venture measured using the equity method	778	219
Profit (Loss) before tax	-8,873	-71
Taxes	-1,019	-996
Net profit (loss) for the Group and minority interests, including:	-9,892	-1,067
Minority interests	223	829
Net profit (loss) for the Group	-10,115	-1,896
Basic earnings (loss) per share	-0.0450	-0.0167
Diluted earnings (loss) per share	-0.0450	-0.0167

The comparative figure as at 30 September 2021 has been restated following the completion of the "purchase price allocation" process of the Metatron Group, fully consolidated starting from August 2021.

(thousands of Euro)

ASSETS	30/09/2022	31/12/2021 restated
Non-current assets		
Land, property, plant, machinery and other equipment	13,763	14,977
Development expenditure	11,047	12,222
Goodwill	80,707	73,256
Other intangible assets with finite useful lives	17,957	19,543
Right-of-use assets	14,756	11,991
Equity investments measured using the equity method	2,806	2,028
Other non-current financial assets	807	882
Other non-current assets	1,710	2,556
Deferred tax assets	12,303	12,694
Total non-current assets	155,856	150,149
Current assets		
Trade receivables	61,552	66,048
Inventories	81,719	68,896
Contract work in progress	28,750	15,653
Other receivables and current assets	18,454	14,443
Current assets for derivative financial instruments	1,422	0
Cash and cash equivalents	59,268	28,039
Total current assets	251,165	193,079
TOTAL ASSETS	407,021	343,228

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	30/09/2022	31/12/2021 restated
Shareholders' Equity		
Share capital	22,500	11,250
Other reserves	91,802	44,615
Profit (loss) for the period	-10,115	-1,020
Total Shareholders' Equity of the Group	104,187	54,845
Minority interests	6,524	5,738
TOTAL SHAREHOLDERS' EQUITY	110,711	60,583
Non-current liabilities		
Non-current bank loans	80,062	10,174
Other non-current financial liabilities	27,887	9,320
Non-current liabilities for right-of-use	12,405	10,197
Provisions for risks and charges	5,206	4,535
Defined benefit plans for employees	3,776	3,977
Deferred tax liabilities	1,204	1,452
Liabilities for derivative financial instruments	0	99
Total non-current liabilities	130,540	39,754
Current liabilities		
Bank financing and short-term loans	34,279	103,408
Other current financial liabilities	2,435	274
Current liabilities for right-of-use	3,252	2,624
Trade payables	90,045	82,886
Tax liabilities	4,411	3,758
Other current liabilities	31,348	49,941
Total current liabilities	165,770	242,891
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	407,021	343,228

The comparative data as at 31 December 2021 have been restated following the completion of the "purchase price allocation" process of the Metatron Group, fully consolidated starting from August 2021.

(thousands of Euro)		
CONSOLIDATED CASH FLOWS STATEMENT	30/09/2022	30/09/2021 Restated
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	-8,873	-71
<i>Adjustments for:</i>		
Depreciation of property, plant and machinery	3,154	3,226
Amortisation of intangible assets	7,285	6,040
Depreciation of right-of-use assets	2,626	2,123
Loss (profit) from disposal of tangible and intangible assets	-121	247
Share-based incentive plans	0	132
Impairment loss on receivables	710	560
Net financial charges	3,368	3,621
Net expenses (income) from equity investments measured using the equity method	-778	-219
Net expenses (income) from equity investments	288	-8,768
	7,659	6,891
<i>Changes in:</i>		
Inventories and work in progress	-23,086	-8,281
Trade receivables and other receivables	1,597	-650
Trade payables and other payables	12,073	3,938
Provisions and employee benefits	4	-58
Cash generated from operation	-1,753	1,840
Interest paid	-3,202	-1,434
Interest received	25	161
Taxes paid	-1,378	-653
Net cash generated (absorbed) from operating activities	-6,308	-86
Financial flows from investment		
Proceeds from sale of property, plant and machinery	121	446
Purchase of property, plant and machinery	-1,850	-2,386
Purchase of intangible assets	-436	-194
Development expenditure	-4,095	-3,612
Variation in consolidation area	-30,683	3,575
Net cash absorbed by investment activities	-36,943	-2,171
Free Cash Flow	-43,251	-2,257
Financial flows from financing activities		
Disbursements (reimbursement) of medium/long-term loans	16,707	-3,915
Change in short-term bank debts	1,342	8,652
Capital increase (*)	58,598	0
Repayment of leases IFRS 16	-2,782	-2,302
Net cash generated (absorbed) by financing activities	73,865	2,435
Net increase (decrease) in cash and cash equivalents	30,614	178
Cash and cash equivalents as at 1 January	28,039	21,914
Effect of exchange rate fluctuations on cash and cash equivalents	615	-2,588
Cash and cash equivalents at the end of the period	59,268	19,504

The comparative figure as at 30 September 2021 has been restated following the completion of the purchase price allocation process of the Metatron Group, fully consolidated starting from August 2021.

(*) net of expenses incurred