

## Press release

November 12, 2021



### Landi Renzo: Board of Directors approves results at September 30, 2021

- Green Transportation sector impacted by tensions due to increases in raw material prices and supply chain headwinds, particularly with regard to electronic components
  - Metatron S.p.A., leader of gas and hydrogen solutions for the Mid&Heavy Duty segment, consolidated line-by-line as of August 2021
  - SAFE&CEC subsidiary continued to perform well, driving Landi Renzo Group's performance
  - Indian joint venture Krishna Landi Renzo continued to grow, with new significant opportunities in a high-growth market
- Consolidated revenues amounted to €162.6 million, increasing (+64.2%) compared to €99 million at September 30, 2020
  - Adjusted EBITDA was €7.6 million, accounting for 4.6% of revenues, compared to €4.4 million at September 30, 2020
  - EBITDA rose by €2.5 million to €6 million, accounting for 3.7% of revenues (€3.5 million at September 30, 2020)
  - Net result negative for €1 million, compared to a loss of €7.9 million at September 30, 2020
  - Net Financial Debt at €138.8 million (€72.9 million at December 31, 2020), including a €25.4 million residual debt associated with the acquisition of the Metatron Group. Adjusted Net Financial Position at September 30, 2021 amounted to €99.3 million, of which €7 million attributable to the Clean Tech Solutions sector and €92.3 million to the Green Transportation sector, of which €9.6 million referring to Metatron Group's net financial position

*Cavriago (RE), November 12, 2021*

The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the Interim Report at September 30, 2021. After a first half of the year marked by a significant increase in global car production compared to the same period of the previous year (+29.2%), the automotive sector suffered from increasing supply chain headwinds in the logistics sectors and on the market of raw materials, particularly semi-conductors. This generated negative effects on the industry's supply chains, slowing down production and also leading to temporary plant closures by major carmakers, with subsequent delivery delays, production losses and increased costs. This situation jeopardized the recovery of the sector, which is expected to return to normal levels in 2022.

SAFE&CEC reported positive performance, constantly growing in terms of sales and order backlog.

*"It was a challenging quarter for the overall automotive sector, as it was weighed down by supply chain headwinds and increases in raw material prices, which impacted our Group's performance. At the same*

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time, we began the Metatron integration, which we are certain will generate positive results in the coming years. Recent international climate change conferences have pointed out that hydrogen will be an increasingly crucial technology to decarbonize energy, and at Landi Renzo Group, we are ready to play a leading role in both the mobility and infrastructures segments,” stated **Stefano Landi, Chairman of Landi Renzo S.p.A.**

**Cristiano Musi, Chief Executive Officer of Landi Renzo S.p.A.**, commented: “The automotive sector, which was unfortunately impacted by extremely difficult market conditions both in the OEM and After Market segments. We are working to further focus on cost reduction, defining agreements with our OEM clients to reflect the increase in raw material prices, while also accelerating the Metatron integration process. All these measures will enable us to recover our margins as soon as the fourth quarter of the year. It bears also noting that we are observing a significant recovery of the After Market segment in the fourth quarter, with clear benefits as regards margins and cash generation. Worth of mention is also the performance of our Indian joint venture, which is growing both in terms of revenues and margins, with significant growth projections in the near term. We are also continuing to strategically develop the hydrogen segment, in which, also thanks to the acquisition of Metatron, our product range is ready and will generate significant revenues as soon as 2021. SAFE&CEC as well continues to perform well, growing in terms of revenues and margins and with an all-time high order backlog that is reporting an ongoing uptrend, thanks to the new important opportunities offered by the compression of hydrogen and CO<sub>2</sub> and by the methane emission recovery — segments in which we forecast significant revenues as soon as 2022.”

### Consolidated Financial Highlights at September 30, 2021

The consolidated financial results at September 30, 2021 are not directly comparable with those for the same period of the previous year due to the following factors:

- line-by-line consolidation of the SAFE&CEC Group’s results as of May 2021 (Clean Tech Solutions sector) following amendments to the shareholders’ agreement that conferred greater decision-making autonomy on Landi Renzo S.p.A., enabling it to exercise control pursuant to IFRS 10;
- acquisition of the Metatron Group in August 2021 (Green Transportation sector) which, in light of the absence of conditions precedent for the acquisition of the remaining 51% equity interest and the governance system contractually agreed upon by the parties, meets the requirements set forth in IFRS 10 for acquiring control.

In the first nine months of the year, Landi Renzo Group’s **revenues** amounted to €162,558 thousand (€99,008 thousand at September 30, 2020). On a like-for-like consolidation basis, i.e., considering the Green Transportation sector alone, consolidated revenues at September 30, 2021 would have been €120,020 thousand (of which €2,391 thousand attributable to the Metatron Group for the period August-September 2021), up €21,012 thousand (+21.2%) compared to September 30, 2020 (€99,008 thousand).

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The Group's **adjusted EBITDA** for the first nine months of 2021 was positive at €7,555 thousand, accounting for 4.6% of revenues, compared to €4,382 thousand (4.4% of revenues) for the same period of the previous year.

**EBITDA** was positive at €5,952 thousand (positive at €3,488 thousand at September 30, 2020), including non-recurring costs amounting to €1,603 thousand (€894 thousand at September 30, 2020).

**EBIT** for the reporting period was negative at €5,413 thousand (negative at €5,604 thousand at September 30, 2020), after amortization, depreciation and impairment losses totaling €11,365 thousand (€9,092 thousand at September 30, 2020), of which €2,123 thousand due to the application of IFRS 16 – *Leases* (€1,543 thousand at September 30, 2020).

Following the acquisition of control over the SAFE&CEC Group, which operates in the Clean Tech Solutions sector, Landi Renzo Group's interest in the latter was measured at fair value pursuant to IFRS 3; as a result, a €8,783 thousand income from consolidation was recognized in the income statement. At the consolidation date, the fair value of the group acquired was measured by a major independent expert.

The Indian joint venture Krishna Landi Renzo, consolidated using the equity method, continued to report positive results: in the first nine months of 2021, it significantly increased its sales to a major Indian OEM customer, recording €14.1 million revenues and €2.5 million EBITDA. Accordingly, the equity interest was written up for €885 thousand (compared to a write-down of €97 thousand at September 30, 2020).

**EBT** was negative at €47 thousand (negative at €9,489 thousand at September 30, 2020).

**Net Result** for the Group and minority interests at September 30, 2021 was negative at €1,050 thousand compared to a loss for the Group and minority interests amounting to €7,877 thousand at September 30, 2020.

**Net Financial Debt** totaled €138,818 thousand at September 30, 2021 (€72,917 thousand at December 31, 2020), of which €13,788 thousand due to the application of IFRS 16 — *Leases*, €263 thousand due to the fair value of financial derivative contracts and €25,436 thousand due to the residual debt for the acquisition of the Metatron group. Adjusted Net Financial Position at September 30, 2021, i.e., excluding the effects arising from the application of this standard, the fair value of financial derivative contracts and the residual debt for the acquisition of equity interests, would have been €99,331 thousand, of which €7,035 thousand attributable to the Clean Tech Solutions sector and €92,296 thousand to the Green Transportation sector. Adjusted Net Financial Position of the Green Transportation sector, net of the Metatron Group's contribution (€9,599 thousand), was virtually stable compared to the previous quarter but rose by €15,377 thousand compared to December 31, 2020, mainly as a result of the increase in net working capital and investments for the period.

### Performance of the Green Transportation (automotive) operating business

Revenues from sales on the Green Transportation sector at September 30, 2021 amounted to €120,020 thousand, up €21,012 thousand (+21.2%) compared to the same period of the previous year and including €2,391 thousand revenues generated by the Metatron Group, consolidated by Landi Renzo Group as of August 2021.

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Sales within the **OEM** channel amounted to €50,359 thousand and accounted for 42% of total (€47,765 thousand at September 30, 2020), sharply increasing thanks to the greater order backlog of a major European OEM client that has focused on LPG bifuel engines to broaden its range of 'green' products. In the first nine months of 2021, the ratio of these sales to total revenues generated effects on the Group's margins, as sales on the OEM channel provide lower profitability than those on the After Market channel. This was in addition to the effects of the increase in raw material prices, which were not yet reflected in sales prices.

Sales within the **After Market** channel amounted to €69,661 thousand (€51,243 thousand at September 30, 2020) and mainly referred to orders from both national and foreign distributors and authorized installers. This item grew chiefly as a result of the recovery of some LATAM, North African and Asian markets. Despite the positive market scenario, the shortage of electronic components caused problems in the completion of production lots and in their delivery.

In detail, with regard to the geographical breakdown of sales on the Green Transportation sector:

- **Italy** accounted for 12.7% of total revenues (16.2% in the first nine months of 2020), down compared to the same period of the previous year (-5%). After a first half of the year marked by encouraging signs of a recovery and growing demand for conversions, the third quarter of 2021 reported a decline (-24.9% compared to the same period of the previous year) following carmakers' delay in delivering their vehicles. According to data of the association of foreign carmakers operating in Italy (UNRAE), registrations of gas-fueled (methane and LNG) vehicles in the Italian market continued nonetheless to account for approximately 9% of total. It should be noted that the recent price instability, recorded as of September, brought the price of methane to a current level of €2/Kg and that of LNG to €0.8/Liter, thereby leading to postpone conversion decisions.
- The rest of **Europe** accounted for 53% of total revenues (53.4% in the first nine months of 2020), up 20.3% mainly thanks to the greater order backlog of a major European OEM client that has focused on LPG bifuel engines to broaden its range of 'green' products. The current shortage of semi-conductors on the market led to temporary halts of production, with the consequent postponement of portions of orders planned to be delivered during the third quarter.
- Sales in **America** for the first nine months of 2021 amounted to €15,127 thousand (€11,295 thousand at September 30, 2020), up 33.9% thanks to the LATAM area's positive performance that, despite delays in the vaccine campaigns, showed significant signs of a recovery.
- The markets in **Asia and the Rest of the World** accounted for 21.7% of total revenues (19% in the first nine months of 2020), increasing by 38.5% thanks to the positive trend of the North African and Asian markets.

In the first nine months of 2021, **adjusted EBITDA** of the Green Transportation sector, net of €1,333 thousand non-recurring costs, was positive at €2,801 thousand, accounting for 2.3% of revenues, down compared to the same period of the previous year (€4,382 thousand, or 4.4% of revenues, net of non-recurring costs of €894 thousand). Adjusted EBITDA of the Green Transportation sector included the

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contribution of the Metatron Group, consolidated as of August 2021, whose adjusted EBITDA amounted to €225 thousand.

**EBITDA** of the Green Transportation sector was positive at €1,468 thousand and accounted for 1.2% of revenues (€3,488 thousand; or 3.5% of revenues at September 30, 2020).

**EBIT** was negative at €8,851 thousand (negative at €5,604 thousand at September 30, 2020).

Group's margins at September 30, 2021 were impacted both by the significant ratio of sales on the OEM channel to total revenues, as the former provide lower margins than those on the After Market channel, and by the effects of the increase in raw material prices, which to date have impacted sales on the After Market channel only partially. Negotiations are currently underway with a major OEM client to redefine sales prices in order to partly reflect the extraordinary increases in raw material prices reported in 2021.

The After Market channel showed positive signs and, despite the increasing price competition, recovered markedly on the LATAM, North African and Asian markets.

### Performance of the Clean Tech Solutions operating business

With regard to the five months (May-September) consolidated by Landi Renzo Group, the Clean Tech Solutions sector reported **revenues** amounting to €42,727 thousand, **adjusted EBITDA** positive at €4,754 thousand and **EBITDA** positive at €4,484 thousand. **EBIT** was positive at €3,438 thousand.

At a pro-forma level, i.e., considering the SAFE&CEC Group's results for the first nine months of 2021, the Clean Tech Solutions sector's revenues rose significantly from €53,929 thousand at September 30, 2020 to €66,295 thousand at September 30, 2021 (+22.9%). Despite the negative impacts on global economy due to the persistence of the Covid-19 pandemic and the difficulty in procuring raw materials on the market, the SAFE&CEC Group continued to report increasingly positive results and an order backlog able to cover the whole fourth quarter of 2021 and first half of the next year.

The Clean Tech Solutions sector's pro-forma **adjusted EBITDA** at September 30, 2021 was €5,370 thousand, accounting for 8.1% of revenues, up compared to the same period of the previous year (€3,124 thousand, or 5.8% of revenues).

The Clean Tech Solutions sector's pro-forma **EBIT** at September 30, 2021 was €2,724 thousand, up sharply (€1,815 thousand) compared to the same period of the previous year.

The gradual improvement of margins within the Clean Tech Solutions sector continued in the third quarter as well, thanks to the positive effects arising from the product standardization process, which led to a significant reduction in production costs as soon as the second quarter of 2021, and the increase in revenues, which allowed to better absorb fixed costs.

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### Significant events after the first nine months of 2021

After the end of the first nine months of 2021 and up to today's date, it should be noted that on November 12, 2021 the Board of Directors of Landi Renzo S.p.A., in light of the overall period of time required for the acquisition of Metatron S.p.A., acknowledged that an agreement, still to be formalized, has been entered into with the Metatron Group's main shareholder aimed at extending to January 31, 2022 the period within which the acquisition of the Metatron Group by Landi Renzo S.p.A. shall be finalized, and approved the contents thereof.

### Business outlook

Following the current shortage of raw materials on the market, and semi-conductors in particular, that led to significant price increases, in addition to supply chain headwinds and production halts by main carmakers, the Green Transportation sector reported lower-than-expected results, with a reduced visibility on the coming months. Accordingly, the management revised its projections for 2021 forecasting revenues from sales on the Green Transportation sector (net of the Metatron Groups' contribution) amounting to €160-165 million and adjusted EBITDA in the range of €7 million to €8 million, including positive effects expected to arise from the price negotiations currently underway with a major OEM client.

With regard to the Clean Tech Solutions sector, the Group confirms the revenues and margins forecasts announced upon publishing the results at June 30, 2021, i.e., an annual value of production in the range of €85 million to €90 million, with adjusted EBITDA between €8 million and €9 million (of which approximately €7 million and €8 million referring to the period May-December 2021).

With reference to the Metatron Group, forecasts call for revenues from sales amounting to €20 million on an annual basis (€7 million in the period August-December 2021).

*This press release is a translation. The Italian version prevails*

*Pursuant to Article 154-bis, paragraph 2, of Italian Legislative Decree No. 58 of February 24, 1998, the Officer in charge of preparing 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](http://www.landirenzogroup.com).*

**Landi Renzo** is the global leader in the Methane gas, LNG, hydrogen and LPG components and systems for the motor vehicles sector. The Company is based in Cavriago (Reggio Emilia) and has over 60 years' experience in the sector, and is renowned for the extent of its international activities in over 50 countries, with export sales of about 80%. Landi Renzo S.p.A. has been listed on the STAR segment of the MTA Market of Borsa Italiana since June 2007.

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(thousands of Euro)

|   | 30/09/2021     | 30/09/2020     |
|---|----------------|----------------|
| <b>CONSOLIDATED INCOME STATEMENT</b>                                      |                |                |
| <b>Revenues from sales and services</b>                                   | <b>162,558</b> | <b>99,008</b>  |
| Other revenues and income   | 1,568          | 89             |
| Cost of raw materials, consumables and goods and change in inventories    | -101,648       | -57,995        |
| Costs for services and use of third-party assets                          | -29,879        | -19,972        |
| Personnel costs   | -24,473        | -16,224        |
| Allocations, write downs and other operating expenses                     | -2,714         | -1,418         |
| <b>Gross Operating Profit</b>   | <b>5,952</b>   | <b>3,488</b>   |
| Amortization, depreciation and impairment                                 | -11,365        | -9,092         |
| <b>Net Operating Profit</b>   | <b>-5,413</b>  | <b>-5,604</b>  |
| Financial income  | 150            | 221            |
| Financial expenses  | -3,081         | -2,367         |
| Exchange gains (losses)   | -690           | -1,718         |
| Income (expenses) from equity investments                                 | 8,768          | 0              |
| Income (expenses) from joint venture measured using the equity method     | 219            | -21            |
| <b>Profit (Loss) before tax</b>   | <b>-47</b>     | <b>-9,489</b>  |
| Taxes   | -1,003         | 1,612          |
| <b>Net profit (loss) for the Group and minority interests, including:</b> | <b>-1,050</b>  | <b>-7,877</b>  |
| Minority interests  | 829            | -163           |
| Net profit (loss) for the Group   | -1,879         | -7,714         |
| <b>Basic earnings (loss) per share (calculated on 112,500,000 shares)</b> | <b>-0.0167</b> | <b>-0.0686</b> |
| <b>Diluted earnings (loss) per share</b>                                  | <b>-0.0167</b> | <b>-0.0686</b> |

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| (thousands of Euro)                                  |                   |                   |
|--|-------------------|-------------------|
| <b>ASSETS</b>  | <b>30/09/2021</b> | <b>31/12/2020</b> |
| <b>Non-current assets</b>                            |                   |                   |
| Land, property, plant, machinery and other equipment | 15,330            | 13,212            |
| Development expenditure                              | 11,909            | 9,506             |
| Goodwill   | 75,133            | 30,094            |
| Other intangible assets with finite useful lives     | 17,384            | 10,860            |
| Right-of-use assets                                  | 13,028            | 4,975             |
| Equity investments measured using the equity method  | 1,627             | 22,509            |
| Other non-current financial assets                   | 1,049             | 921               |
| Other non-current assets                             | 2,556             | 2,850             |
| Deferred tax assets                                  | 13,332            | 12,201            |
| <b>Total non-current assets</b>                      | <b>151,348</b>    | <b>107,128</b>    |
| <b>Current assets</b>                                |                   |                   |
| Trade receivables                                    | 66,540            | 39,353            |
| Inventories  | 71,634            | 42,009            |
| Contract work in progress                            | 16,076            | 0                 |
| Other receivables and current assets                 | 13,598            | 6,712             |
| Other current financial assets                       | 0                 | 2,801             |
| Cash and cash equivalents                            | 19,504            | 21,914            |
| <b>Total current assets</b>                          | <b>187,352</b>    | <b>112,789</b>    |
| <b>TOTAL ASSETS</b>                                  | <b>338,700</b>    | <b>219,917</b>    |

| (thousands of Euro)                               |                   |                   |
|---|-------------------|-------------------|
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       | <b>30/09/2021</b> | <b>31/12/2020</b> |
| <b>Shareholders' Equity</b>                       |                   |                   |
| Share capital                                     | 11,250            | 11,250            |
| Other reserves                                    | 44,518            | 53,199            |
| Profit (loss) for the period                      | -1,879            | -7,662            |
| <b>Total Shareholders' Equity of the Group</b>    | <b>53,889</b>     | <b>56,787</b>     |
| Minority interests                                | 5,071             | -473              |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>58,960</b>     | <b>56,314</b>     |
| <b>Non-current liabilities</b>                    |                   |                   |
| Non-current bank loans                            | 67,555            | 68,181            |
| Other non-current financial liabilities           | 3,695             | 408               |
| Non-current liabilities for right-of-use          | 10,872            | 2,871             |
| Provisions for risks and charges                  | 4,231             | 2,897             |
| Defined benefit plans for employees               | 3,581             | 1,556             |
| Deferred tax liabilities                          | 1,485             | 297               |
| Liabilities for derivative financial instruments  | 263               | 458               |
| <b>Total non-current liabilities</b>              | <b>91,682</b>     | <b>76,668</b>     |
| <b>Current liabilities</b>                        |                   |                   |
| Bank financing and short-term loans               | 47,075            | 23,108            |
| Other current financial liabilities               | 510               | 378               |
| Current liabilities for right-of-use              | 2,916             | 2,228             |
| Trade payables                                    | 83,486            | 53,509            |
| Tax liabilities                                   | 3,205             | 2,677             |
| Other current liabilities                         | 50,866            | 5,035             |
| <b>Total current liabilities</b>                  | <b>188,058</b>    | <b>86,935</b>     |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>338,700</b>    | <b>219,917</b>    |

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| (thousands of Euro)  |                   |                   |
|--|-------------------|-------------------|
| <b>CONSOLIDATED CASH FLOWS STATEMENT</b>                                       | <b>30/09/2021</b> | <b>30/09/2020</b> |
| <b>Financial flows deriving from operating activities</b>                      |                   |                   |
| Pre-tax profit (loss) for the period   | -47               | -9,489            |
| <i>Adjustments for:</i>  |                   |                   |
| Depreciation of property, plant and machinery                                  | 3,226             | 2,920             |
| Amortisation of intangible assets  | 6,016             | 4,629             |
| Depreciation of right-of-use assets  | 2,123             | 1,543             |
| Loss (profit) from disposal of tangible and intangible assets                  | 247               | -44               |
| Share-based incentive plans  | 132               | 132               |
| Impairment loss on receivables   | 560               | 152               |
| Net financial charges  | 3,621             | 3,864             |
| Net expenses (income) form equity investments measured using the equity method | -219              | 21                |
| Net expenses (income) form equity investments                                  | -8,768            | 0                 |
|  | <b>6,891</b>      | <b>3,728</b>      |
| <i>Changes in:</i>   |                   |                   |
| Inventories and work in progress   | -8,281            | -1,751            |
| Trade receivables and other receivables  | -650              | 1,539             |
| Trade payables and other payables  | 3,938             | -12,332           |
| Provisions and employee benefits   | -58               | -859              |
| <b>Cash generated from operation</b>   | <b>1,840</b>      | <b>-9,675</b>     |
| Interest paid  | -1,434            | -1,301            |
| Interest received  | 161               | 51                |
| Taxes paid   | -653              | -598              |
| <b>Net cash generated (absorbed) from operating activities</b>                 | <b>-86</b>        | <b>-11,523</b>    |
| <b>Financial flows from investment</b>   |                   |                   |
| Proceeds from sale of property, plant and machinery                            | 446               | 187               |
| Purchase of property, plant and machinery                                      | -2,386            | -4,589            |
| Purchase of intangible assets  | -194              | -257              |
| Development expenditure  | -3,612            | -3,941            |
| Variation in consolidation area  | 3,575             | 0                 |
| <b>Net cash absorbed by investment activities</b>                              | <b>-2,171</b>     | <b>-8,600</b>     |
| <b>Free Cash Flow</b>  | <b>-2,257</b>     | <b>-20,123</b>    |
| <b>Financial flows from financing activities</b>                               |                   |                   |
| Disbursements (reimbursement) of loans to associates                           | 0                 | -600              |
| Disbursements (reimbursement) of medium/long-term loans                        | -3,915            | 23,644            |
| Change in short-term bank debts  | 8,652             | -1,168            |
| Repayment of leases IFRS 16  | -2,302            | -1,648            |
| <b>Net cash generated (absorbed) by financing activities</b>                   | <b>2,435</b>      | <b>20,228</b>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                    | <b>178</b>        | <b>105</b>        |
| Cash and cash equivalents as at 1 January                                      | 21,914            | 22,650            |
| Effect of exchange rate fluctuations on cash and cash equivalents              | -2,588            | -2,934            |
| <b>Cash and cash equivalents at the end of the period</b>                      | <b>19,504</b>     | <b>19,821</b>     |