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LANDIRENZO GROUP

INTERIM MANAGEMENT REPORT AT 30 SEPTEMBER 2021

CONTENTS

1. GENERAL INFORMATION

1.1. CORPORATE OFFICERS AND INFORMATION

On 29 April 2019, the Shareholders' Meeting of the parent company Landi Renzo S.p.A. elected the Board of Directors and the Board of Statutory Auditors for the period 2019-2021. They will therefore remain in office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2021. The Meeting changed the number of board members to nine. Also on the same date, the Board of Directors appointed Cristiano Musi as Chief Executive Officer and General Manager and confirmed Stefano Landi as Executive Chairperson of the Board.

On the date this Interim Management Report was drafted, the company officers were as follows:

Board of Directors	
Executive Chairperson	Stefano Landi
Honorary Chairperson - Director	Giovannina Domenichini
Chief Executive Officer	Cristiano Musi
Director	Silvia Landi
Director	Angelo Iori
Director	Paolo Emanuele Maria Ferrero
Independent Director	Dario Patrizio Melpignano
Independent Director	Sara Fornasiero (*)
Independent Director	Vincenzo Russi
Board of Statutory Auditors	
Chairperson of the Board of Statutory Auditors	Fabio Zucchetti
Statutory Auditor	Diana Rizzo
Statutory Auditor	Domenico Sardano
Alternate Auditor	Marina Torelli
Alternate Auditor	Gian Marco Amico di Meane
Control and Risks Committee	
Chairperson	Sara Fornasiero
Committee Member	Angelo Iori
Committee Member	Vincenzo Russi
Remuneration Committee	
Chairperson	Sara Fornasiero
Committee Member	Angelo Iori
Committee Member	Vincenzo Russi
Committee for Transactions with Related Parties	
Chairperson	Sara Fornasiero
Committee Member	Vincenzo Russi
Supervisory Board (Italian Legislative Decree 231/01	
Chairperson	Jean-Paule Castagno
Board Member	Sara Fornasiero
Board Member	Domenico Sardano
Independent Auditing Firm	PricewaterhouseCoopers S.p.A.
Financial Reporting Officer	Paolo Cilloni

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

Registered office and company details

Landi Renzo S.p.A.
Via Nobel 2/4
42025 Corte Tegge – Cavriago (RE) – Italy
Tel. +39 0522 9433
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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 September 2021 Direct investment	Indirect investment	Notes
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.	Milan (Italy)	51.00%		
SAFE S.p.A.	San Giovanni Persiceto (Italy)		100.00%	(2)
IMW Industries LTD	Chilliwak (Canada)		100.00%	(2)
IMW Industries del Perù S.A.C.	Lima (Peru)		100.00%	(3)
IMW Industries LTDA	Cartagena (Colombia)		100.00%	(3)
IMW Energy Tech LTD	Suzhou (China)		100.00%	(3)
IMW Industries LTD Shanghai	Shanghai (China)		100.00%	(3)
Metatron S.p.A.	Castel Maggiore (Italy)	49.00%		(4)
Metatron Control System (Shanghai)	Shanghai (China)		90.00%	(5)
Metatron Technologies India Plc	Mumbai (India)		75.00%	(5) (7)
Associates and subsidiaries consolidated using the equity method				
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	51.00%		(6)
Other minor companies				
Landi Renzo VE.CA.	Caracas (Venezuela)	100.00%		(7)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	100.00%		(7)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	50.00%		(7)

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 IMW Industries LTD

(4) Consolidated line-by-line based on the commitment to purchase the remaining 51%, which does not include any conditions precedent, and the governance system contractually defined by the parties

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

(6) Company joint venture

(7) Not consolidated as a result of their irrelevance

1.3.LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE THIRD QUARTER	Q3 2021	Q3 2020	Change	%
Revenues	66,596	39,151	27,445	70.1%
Adjusted gross operating profit (EBITDA) (1)	3,077	2,530	547	21.6%
Gross operating profit (EBITDA)	2,390	2,450	-60	-2.4%
Net operating profit (EBIT)	-1,899	-534	-1,365	
Earnings before taxes (EBT)	-2,732	-1,550	-1,182	
Net profit (loss) for the Group and minority interests	-3,108	-1,224	-1,884	
Adjusted gross operating profit (EBITDA) / Revenue	4.6%	6.5%		
Gross operating profit (EBITDA) / Revenue	3.6%	6.3%		
Net profit (loss) for the Group and minority interests / Revenue	-4.7%	-3.1%		

(Thousands of Euro)

ECONOMIC INDICATORS OF THE FIRST NINE MONTHS	30-Sep-21	30-Sep-20	Change	%
Revenues	162,558	99,008	63,550	64.2%
Adjusted gross operating profit (EBITDA) (1)	7,555	4,382	3,173	72.4%
Gross operating profit (EBITDA)	5,952	3,488	2,464	70.6%
Net operating profit (EBIT)	-5,413	-5,604	191	
Earnings before taxes (EBT)	-47	-9,489	9,442	
Net profit (loss) for the Group and minority interests	-1,050	-7,877	6,827	
Adjusted gross operating profit (EBITDA) / Revenue	4.6%	4.4%		
Gross operating profit (EBITDA) / Revenue	3.7%	3.5%		
Net profit (loss) for the Group and minority interests / Revenue	-0.6%	-8.0%		

(Thousands of Euro)

STATEMENT OF FINANCIAL POSITION	30-Sep-21	31-Dec-20	30-Sep-20
Net fixed assets and other non-current assets	151,348	107,128	105,204
Operating capital (2)	55,727	26,853	41,499
Non-current liabilities (3)	-9,297	-4,750	-4,696
NET INVESTED CAPITAL	197,778	129,231	142,007
Net financial position (4)	138,818	72,917	86,055
Net Financial Position - adjusted (5)	99,331	67,360	80,515
Shareholders' equity	58,960	56,314	55,952
BORROWINGS	197,778	129,231	142,007

(Thousands of Euro)

KEY INDICATORS	30-Sep-21	31-Dec-20	30-Sep-20
Operating capital / Turnover (*rolling 12 months*) (6)	20.3%	18.9%	27.1%
Net Financial Position / Shareholders' equity (7)	192.3%	129.5%	153.8%
Adjusted net financial position (5) / Adjusted EBITDA (*rolling 12 months*) (6)	5.46	8.40	6.41

Personnel (peak)	1,003	547	557

(Thousands of Euro)

CASH FLOWS	30-Sep-21	31-Dec-20	30-Sep-20
Gross operational cash flow	239	6,800	-11,404
Cash flow for investment activities	-5,746	-11,611	-8,600
Gross FREE CASH FLOW	-5,507	-4,811	-20,004
Variation in the consolidation area	3,575	0	0
Non-recurring expenditure for voluntary resignation incentives	-325	-495	-119
Net FREE CASH FLOW	-2,257	-5,306	-20,123
Repayment of leases (IFRS 16)	-2,302	-2,399	-1,648
Overall cash flow	-4,559	-7,705	-21,771

(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 acquisition of the Metatron Group).
(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 acquisition of the Metatron Group.
(6) In order to calculate the indicator in question at 30 September 2021, following the line-by-line consolidation of the SAFE&CEC Group as of May 2021 and the Metatron Group as of August 2021, the figures relating to rolling 12-month EBITDA and revenue were expressed pro forma taking into consideration the profit (loss) of the SAFE&CEC Group and the Metatron Group, respectively, for the other 7 and 10 months during which they were not consolidated.
(7) To calculate the indicator in question, the Net financial position was adjusted not considering the remaining payable for the acquisition of the Metatron Group.

1.4. SIGNIFICANT EVENTS DURING THE PERIOD

- In January 2021, Landi Renzo S.p.A. became part of H2-ICE, a partnership between five Italian companies, with Punch Torino and AVL Italia as the lead companies, and with the participation of Industria Italiana Autobus and TPER, in order to create a hydrogen fuelled internal combustion engine. Landi Renzo S.p.A., active for more than two years in the development of components and solutions for hydrogen mobility, dedicated in particular to the Mid & Heavy Duty (LCV, Buses and Trucks) and Off Road segment, both for FCEV (fuel cell electric vehicle) and for hydrogen engines, will specifically handle the development and manufacture of components for hydrogen engines to be used in buses and trucks.

- In January 2021, the Landi Renzo Group and Mahindra & Mahindra Limited (M&M), part of the Mahindra Group and one of the main Indian engine manufacturers, entered into an agreement for the creation of a new generation of CNG engine tractors for agricultural applications. The understanding is based on the meeting between the specific requirements of Mahindra & Mahindra, the most sold tractor brand in the world, which is becoming increasingly oriented towards the use of alternative energy sources, and Landi Renzo S.p.A., which will develop the entire tailor-made control and injection system for monofuel tractors according to OEM standards, while Mahindra & Mahindra will handle the development of the basic engine starting from the existing Diesel version, optimising combustion and mechanical aspects.

- On 29 April 2021, the Shareholders' Meeting of Landi Renzo S.p.A. resolved, amongst other things:

  - to cover the loss for the year, totalling Euro 6,283,624.66, by using the full extraordinary reserve, which will be reduced to zero, and the share premium reserve, which will be reduced to Euro 28,945,566.50;
  - to place a tax suspension restriction of Euro 4,082,083.55 on the Share premium reserve due to the realignment of the tax value of the AEB trademark with its statutory value, pursuant to Italian Decree Law no. 104/2020, Article 110, paragraph 8;
  - to approve, with reference to the Report on the remuneration policy and on remuneration paid, drafted pursuant to Articles 123- of Italian Legislative Decree 58/98 and 84-*quater* of the regulation approved with Consob resolution no. 11971 of 19 May 1999, the first section pursuant to Article 123-, paragraph 3-, of Italian Legislative Decree 58/98 and to vote in favour with reference to the second section pursuant to Article 123-, paragraph 6, of Italian Legislative Decree 58/98;
  - to approve the proposal relating to the authorisation to purchase and dispose of treasury shares.

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

- In July 2021, Landi Renzo S.p.A. established the joint venture Landi Renzo Rus with an important local partner. The company, which aims to develop gas mobility in the Russian market, is 51% held by Landi Renzo S.p.A.

- On 5 August 2021, Landi Renzo S.p.A. completed the acquisition of 49% of the share capital of Metatron S.p.A., a company with registered office in Castel Maggiore (BO) and an international leader in alternative fuel solutions for Mid & Heavy Duty vehicles, from Italy Technology Group S.r.l., the current majority shareholder of Metatron S.p.A. This acquisition is 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. The transaction is not subject to any conditions precedent. The agreed purchase price for 100% of the share capital of Metatron S.p.A. is Euro 26.7 million and will be paid in multiple instalments in cash. Landi Renzo S.p.A. also has the right to pay part of the price due to Italy Technology Group S.r.l. (and to another minority shareholder), in any event for a portion not to exceed a total of 29.17% of the price of the Metatron S.p.A. shares, through the issue of new Landi Renzo ordinary shares to be carried out through a possible share capital increase reserved to those sellers, to be subscribed through the contribution in kind of Metatron S.p.A. shares.

  The acquisition of Metatron S.p.A. represents a strategic transaction for the Landi Renzo Group, which thus will be able to further consolidate its presence in the Mid & Heavy Duty segment, which is one of the most interested in alternative hydrogen, CNG, biomethane and LNG fuel forms, with volumes expected to grow significantly over the coming years. Indeed, Metatron S.p.A. is a leader in the supply of components for gas and hydrogen Mid & Heavy Duty mobility, in both Europe and China, where it serves the main segment operators based on well-established relationships.

  The transaction will allow for significant synergies between the two companies, both in terms of cost (estimated at roughly Euro 4.7 million full year starting from 2022) and investments (estimated at around Euro 5 million in the 2022-2023 two-year period), enabling the Landi Renzo Group to complete its offer of components for the gas and hydrogen Mid & Heavy Duty segment.

2. DIRECTORS' OBSERVATIONS ON BUSINESS PERFORMANCE

After a first half of the year characterised by significant growth in global automotive production compared with the same period of the previous year (+29.2%), the accentuation of procurement issues in the raw material markets, particularly with respect to semiconductors, and increasing difficulties in the logistics sector had negative effects on the sector supply chain, slowing production and also triggering temporary plant closures by major automotive manufacturers, with resulting delays in deliveries, production losses and an aggravation of costs. This situation, which according to the most recent estimates is expected to return to normal in the course of 2022, compromised the sector recovery expected to take place in the second half of 2021, and is reducing visibility regarding the upcoming months. Components manufacturers are suffering from the ensuing negative effects on their economic results, in terms of lower turnover as well as margins. In particular, the shortage of raw materials resulted on one hand in a reduction or deferral of orders from OEM customers, due to the need for automotive manufacturers to limit costs and avoid production interruptions, and on the other in difficulties in fulfilling existing orders, due to a series of complexities in obtaining raw materials. Components manufacturers are also continuing to face significant challenges in reflecting higher raw material prices in sale prices in the OEM channel, in which long-term supply agreements are generally entered into, as well as the After Market channel, in the wake of rising competition.

In the first nine months of 2021, global manufacturing volumes recorded growth of 9.5% compared with the same period of 2020, but they still remain lower than pre-crisis levels (-15.5% at global level and -27.6% at European level). Global economic outlooks continue to be characterised by considerable uncertainty due to the evolution of the COVID-19 pandemic and the continuing scarcity of raw materials and electronic components in international markets. In any event, positive trends in vaccination campaigns, the expected stabilisation of raw material markets and the tax incentives that a number of countries are considering enacting in the coming months to support the automotive industry bode well for a recovery in volumes and a return to normal in 2022.

As regards the Italian market, UNRAE (Association of foreign car makers operating in Italy) data show a significant slowdown in registrations in the third quarter of 2021 compared with the same period of the previous year (-24.9%), primarily as a result of delays in deliveries by automotive manufacturers. Despite this downturn, the first nine months of 2021 continue to show an increase in registrations compared with the same period of the previous year (+20.9% in the Italian market and +6.9% in the European market), although they are significantly lower than expectations and the growth recorded at 30 June 2021 (+51.4% in the Italian market and +27.1% in the European market). The comparison with the first nine months of 2019 instead shows a 19.8% decline in the Italian market and a 24.4% decrease in the European market, confirming that the market has not yet surpassed pre-COVID levels. Gas mobility is in any event confirmed as a valid alternative for the achievement of "greener" and more sustainable mobility. Indeed, roughly 9% of total vehicle registrations in Italy continue to be for vehicles with gas (CNG and LPG) engines. On the other hand, electric (full electric and hybrid) vehicles are continuing to increase in popularity, and today represent roughly 36.7% of registrations.

To further confirm the increasing interest in gas mobility, there has been consistent growth in CNG stations and LNG stations in Europe, with outlooks of further growth by the end of 2030, and in emerging countries, where gas mobility represents an accessible option for more sustainable mobility. In particular, the National Recovery and Resilience Plan ("NRRP") recently approved by the Italian government placed additional attention on green revolution and ecological transition objectives, with a specific focus on the growth of production at Italian level of "green" hydrogen and its use in the industrial and transport sectors. In this context, given the outlooks for an increase in hydrogen vehicles over the coming years, Autostrade del Brennero S.p.A. recently announced the construction of four new hydrogen stations, which will join those already in operation at Bolzano south.

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

Furthermore, 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 current majority shareholder of Metatron S.p.A. This acquisition is 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. The acquisition of Metatron S.p.A. represents a strategic transaction for the Landi Renzo Group, which thus will be able to further consolidate its presence in the Mid & Heavy Duty segment, which is one of the most interested in alternative hydrogen, CNG, biomethane and LNG fuel forms, with volumes expected to grow significantly over the coming years. 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, 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.

It is also worth mentioning the positive performance of Krishna Landi Renzo, the Indian joint venture consolidated at equity, which in the first nine months of 2021 significantly boosted its sales volumes to a major Indian OEM customer, recording revenue of Euro 14.1 million and EBITDA of Euro 2.5 million. India has been confirmed as one of the countries in which gas mobility, both in the passenger car segment and in the Mid and Heavy Duty segment, will develop at a more sustained pace due to the increasing interest of the Indian government in the development of sustainable natural gas-based mobility in that country. Within this context, Landi Renzo S.p.A. and a top Indian OEM partner have entered into an agreement for a pilot project for the application of new injectors and mono-fuel control units developed by Landi Renzo S.p.A. for LCVs (Light Commercial Vehicles) and Mid-Heavy Duty vehicles.

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

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

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

2.1. PERFORMANCE AND NOTES ON THE MAIN CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

The “Clean Tech Solutions” segment was the subject in 2017 of a strategic aggregation with Clean Energy Fuels Corp, the aim of which was to create the world’s second-largest group in the segment, in terms of business volume. The aggregation was based on the establishment of a newco called SAFE & CEC S.r.l. and subsequent contribution of 100% of SAFE S.p.A. by the Landi Renzo Group and 100% of Clean Energy Compressor Ltd (now “IMW Industries Ltd”) by Clean Energy Fuels Corp. In accordance with the contractually required governance system, which reflected the joint control agreement between the two shareholders, the Landi Renzo Group’s equity investment was classified until April 2021 as a “joint venture” pursuant to international accounting standards (IFRS 11) and consolidated via the equity method.
As described above, in April 2021, Landi Renzo S.p.A. and Clean Energy Fuels Corp entered into an agreement to amend the shareholders' agreements of the investee company SAFE&CEC S.r.l., which provided Landi Renzo S.p.A. with greater decision-making autonomy, permitting it to exercise control over SAFE&CEC S.r.l. and resulting in its line-by-line consolidation as of May 2021, as the requirements for the acquisition of control set forth in the international accounting standards (IFRS 10) were met.

In August 2021 Landi Renzo S.p.A. also 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 current majority shareholder of Metatron S.p.A. This acquisition is part of a broader transaction intended to acquire the remaining 51% of the share capital of Metatron S.p.A. from ITG 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.

The consolidated financial performance as at 30 September 2021 is not therefore directly comparable with that of the same period of the previous year due to the line-by-line consolidation as of May 2021 of the results of the SAFE&CEC Group and as of August 2021 of the results of the Metatron Group.

The following table sets out the main economic indicators of the Group for the first nine months of 2021 compared with the same period in 2020.

(Thousands of Euro)	30/09/2021				30/09/2020			
	Green Transportation	Clean Tech. Solutions	Adjustments	Landi Renzo Consolidated	Green Transportation	Clean Tech. Solutions	Adjustments	Landi Renzo Consolidated
Net sales outside the Group	119,831	42,727		162,558	99,008			99,008
Intersegment sales	189		-189	0	0			0
Total Revenues from net sales and services	**120,020**	**42,727**	**-189**	**162,558**	**99,008**	**0**	**0**	**99,008**
Other revenues and income	1,310	258		1,568	89			89
Operating costs	-118,529	-38,231	189	-156,571	-94,715			-94,715
Adjusted gross operating profit	**2,801**	**4,754**	**0**	**7,555**	**4,382**	**0**	**0**	**4,382**
Non-recurring costs	-1,333	-270		-1,603	-894			-894
Gross operating profit	**1,468**	**4,484**	**0**	**5,952**	**3,488**	**0**	**0**	**3,488**
Amortisation, depreciation and impairment	-10,319	-1,046		-11,365	-9,092			-9,092
Net operating profit	**-8,851**	**3,438**	**0**	**-5,413**	**-5,604**	**0**	**0**	**-5,604**
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 ventures measured using the equity method				219				-21
Profit (loss) before tax				**-47**				**-9,489**
Taxes				-1,003				1,612
Net profit (loss) for the Group and minority interests, including:				**-1,050**				**-7,877**
Minority interests				829				-163
Net profit (loss) for the Group				**-1,879**				**-7,714**

Consolidated revenues for the first nine months of 2021 totalled Euro 162,558 thousand, increasing by Euro 63,550 thousand (+64.2%) compared with the same period of the previous year. On a like-for-like basis, or considering only the Green Transportation segment, consolidated revenue as at 30 September 2021 would have totalled Euro 120,020 thousand (of which Euro 2,391 thousand linked to the Metatron Group for the August-September 2021 period), increasing by Euro 21,012 thousand (+21.2%) compared with 30 September 2020 (Euro 99,008 thousand).

Costs of raw materials, consumables and goods and changes in inventories increased overall to Euro 101,648 thousand at 30 September 2021 from Euro 57,995 thousand at 30 September 2020, influenced by the line-by-line consolidation of the SAFE&CEC Group and the Metatron Group as well as the international increase in prices of raw materials, particularly electronic components.

The costs of services and use of third-party assets amounted to Euro 29,879 thousand, compared with Euro 19,972 thousand in the first nine months of the previous year. Net of the consolidation of the SAFE&CEC Group and the Metatron Group, these costs increased less than proportionately with respect to revenue growth, thanks to the actions taken by the management to limit them. Costs for services and use of third party assets as at 30 September 2021 are inclusive of non-recurring expenses relating to strategic consulting (Euro 1,065 thousand) and costs incurred by the company to deal with the COVID-19 emergency (Euro 62 thousand), particularly relating to expenses for sanitising the workplace.

Personnel costs went from Euro 16,224 thousand as at 30 September 2020 to Euro 24,473 thousand as at 30 September 2021 (of which Euro 476 thousand in non-recurring costs linked to voluntary retirement incentives and medium/long-term bonuses). Net of the consolidation of the SAFE&CEC Group and the Metatron Group, personnel costs would have been up by 11.7% 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 1,003 employees, including 332 relating to the SAFE&CEC Group and 112 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 mobility, capitalised when they meet the requirements laid out in IAS 38.

Provisions, provision for bad debts and other operating expenses of Euro 2,174 thousand (Euro 1,418 thousand as at 30 September 2020) rose due to the consolidation of the SAFE&CEC Group and the Metatron Group as well as higher product warranty provisions directly linked to revenue trends.

The adjusted Gross Operating Profit (EBITDA) was Euro 7,555 thousand as at 30 September 2021, compared with Euro 4,382 thousand in the same period of the previous year, while the Gross Operating Profit (EBITDA) was Euro 5,952 thousand (Euro 3,488 thousand as at 30 September 2020), inclusive of non-recurring costs of Euro 1,603 thousand (Euro 894 thousand as at 30 September 2020).

(Thousands of Euro)

NON-RECURRING COSTS	30/09/2021	30/09/2020	Change
Strategic consultancy	-1,065	-481	-584
COVID-19 costs	-62	-162	100
Personnel for voluntary resignation incentives	-325	-119	-206
Medium/long-term performance bonus	-151	-132	-19
Total	**-1,603**	**-894**	**-709**

The Net Operating Profit (EBIT) for the period was negative at Euro 5,413 thousand (negative and equal to Euro 5,604 thousand at 30 September 2020), after accounting for amortisation, depreciation and impairment of Euro 11,365 thousand (Euro 9,092 thousand at 30 September 2020), of which Euro 2,123 thousand due to the application of IFRS - 16 Leases (Euro 1,543 thousand at 30 September 2020).

Total financial expenses (interest income, interest charges and exchange rate differences) amounted to Euro 3,621 thousand (Euro 3,864 thousand as at 30 September 2020) and include negative exchange effects of Euro 690 thousand (negative and equal to Euro 1,718 thousand as at 30 September 2020), primarily from valuation. Financial expenses alone, equal to Euro 3,081 thousand, were up compared with the same period of the previous year (Euro 2,367 thousand) following the line-by-line consolidation of the SAFE&CEC Group and the Metatron Group, as well as due to the fact that Landi Renzo S.p.A. took out a medium/long-term loan in July 2020 from a pool of banks backed by the 90% SACE guarantee for a nominal amount of Euro 21 million, which has a duration of six years, of which two years of pre-amortisation, intended to cover the Group’s financial commitments.

Income from investments is linked primarily to the acquisition of control over the SAFE&CEC Group, operating in the Clean Tech Solutions segment. Pursuant to IFRS 3, the Landi Renzo Group’s interests in that company were measured at fair value, with the resulting recognition in the income statement of income from consolidation of Euro 8,783 thousand, deriving from the difference between the above-mentioned fair value and the value of the equity investment in the SAFE&CEC Group, measured with the equity method at the date of acquisition of control. The fair value of the group acquired at the combination date was determined by a leading independent expert. This item also includes the change in the measurement of the option held by Metatron S.p.A. for the acquisition of the minority interests of Metatron Control System (Shanghai), amounting to a negative Euro 15 thousand.

As at 30 September 2021, the effect of the valuation of equity investments using the equity method was a positive Euro 219 thousand (negative at Euro 21 thousand as at 30 September 2020). This includes the Group's share of the profits for the period from the Group’s joint ventures, namely:

- of the joint venture Krishna Landi Renzo, which in the first nine months of 2021 significantly boosted its sales to a major Indian OEM customer, recording revenue of Euro 14.1 million and EBITDA of Euro 2.5 million, with a resulting revaluation of the equity investment for Euro 885 thousand (write-down of Euro 97 thousand as at 30 September 2020); and,
- limited to the first four months of 2021, or until its line-by-line consolidation by Landi Renzo S.p.A., of the SAFE&CEC Group, the result of which in the first four months of 2021 was negatively influenced by the completion of several contracts for the North African market, characterised by lower margins, and which entailed a write-down in the equity investment of Euro 666 thousand (revaluation of Euro 76 thousand as at 30 September 2020).

The first nine months of 2021 closed with negative earnings before taxes (EBT) of Euro 47 thousand (negative and equal to Euro 9,489 thousand at 30 September 2020).

The net result of the Group and minority interests as at 30 September 2021 showed a loss of Euro 1,050 thousand compared with a Group and minority interest loss of Euro 7,877 thousand as at 30 September 2020.

SEGMENT REPORTING

Until April 2021, the Landi Renzo Group operated directly only in the Green Transportation segment and indirectly in the Clean Tech Solutions segment through the joint venture SAFE & CEC S.r.l. which, in accordance with the governance system established in the contract, met the joint control requirements as stipulated by IFRS 11, and was consolidated according to the equity method.
Following the above-mentioned amendment of the shareholders' agreements, as of May 2021 the joint venture SAFE&CEC S.r.l. and its subsidiaries have been consolidated line-by-line, as the requirements for the acquisition of control established by the international accounting standards (IFRS 10) were met.

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

- The **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, AEB, Lovato and Med brands. Since August 2021, the Green Transportation segment has also included the results of the Metatron Group, a leader in the supply of components for gas and hydrogen Mid & Heavy Duty mobility, in both Europe and China, where it serves the main segment operators based on well-established relationships.

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

Breakdown of sales by business segment

Third quarter 2021 compared to third quarter 2020

(Thousands of Euro) Distribution of revenues by segment	Q3 2021	% of revenues	Q3 2020	% of revenues	Change	%
Green Transportation segment	42,890	64.4%	39,151	100.0%	3,739	9.6%
Clean TechSolutions segment	23,706	35.6%	0	0.0%	23,706	N/A
Total revenues	**66,596**	**100.0%**	**39,151**	**100.0%**	**27,445**	**70.1%**

First nine months 2021 compared to first nine months 2020

(Thousands of Euro) Distribution of revenues by segment	30/09/2021	% of revenues	30/09/2020	% of revenues	Change	%
Green Transportation segment	119,831	73.7%	99,008	100.0%	20,823	21.0%

Clean TechSolutions segment	42,727	26.3%	0	0.0%	42,727	N/A
Total revenues	**162,558**	**100.0%**	**99,008**	**100.0%**	**63,550**	**64.2%**

As at 30 September 2021, Green Transportation segment revenues included revenues earned by the Metatron Group, equal to Euro 2,391 thousand, consolidated by the Landi Renzo Group as of August 2021.

Following the line-by-line consolidation of the SAFE&CEC Group as of May 2021, the Clean Tech Solutions segment data are not directly comparable with the same period of the previous year. As a result, the pro-forma data for the first nine months of 2021 are shown below compared with the same period of the previous year.

(Thousands of Euro)

Distribution of revenues by segment	30/09/2021	% of revenues	30/09/2020	% of revenues	Change	%
Green Transportation segment	119,831	64.4%	99,008	64.7%	20,823	21.0%
Clean TechSolutions segment (pro-forma)	66,295	35.6%	53,929	35.3%	12,366	22.9%
Total revenues	**186,126**	**100.0%**	**152,937**	**100.0%**	**33,189**	**21.7%**

Breakdown of sales by geographical area

Third quarter 2021 compared to third quarter 2020

(Thousands of Euro)

Geographical distribution of revenues	Q3 2021	% of revenues	Q3 2020	% of revenues	Change	%
Italy	6,994	10.5%	6,146	15.7%	848	13.8%
Europe (excluding Italy)	29,991	45.0%	21,024	53.7%	8,967	42.7%
America	10,586	15.9%	4,433	11.3%	6,153	138.8%
Asia and Rest of the World	19,025	28.6%	7,548	19.3%	11,477	152.0%
Total	**66,596**	**100.0%**	**39,151**	**100.0%**	**27,445**	**70.1%**

First nine months 2021 compared to first nine months 2020

(Thousands of Euro)

Geographical distribution of revenues	At 30/09/2021	% of revenues	At 30/09/2020	% of revenues	Change	%
Italy	17,954	11.0%	15,998	16.2%	1,956	12.2%
Europe (excluding Italy)	77,045	47.4%	52,898	53.4%	24,147	45.6%
America	22,702	14.0%	11,295	11.4%	11,407	101.0%
Asia and Rest of the World	44,857	27.6%	18,817	19.0%	26,040	138.4%
Total	**162,558**	**100.0%**	**99,008**	**100.0%**	**63,550**	**64.2%**

Regarding the geographical distribution of revenues, during the first nine months of 2021 the Group realised 89% (83.8% at 30 September 2020) of its consolidated revenues abroad (47.4% in Europe and 41.6% outside Europe).

Profitability

Green Transportation operating segment performance

(Thousands of Euro)

GREEN TRANSPORTATION	30/09/2021	30/09/2020	Change	%
Net sales outside the Group	119,831	99,008	20,823	21.0%
Intersegment sales	189	0	189	100.0%
Total Revenues from net sales and services	**120,020**	**99,008**	**21,012**	**21.2%**
Other revenues and income	1,310	89	1,221	1,371.9%
Operating costs	-118,529	-94,715	-23,814	25.1%
Adjusted gross operating profit (EBITDA)	**2,801**	**4,382**	**-1,581**	**-36.1%**
Non-recurring costs	-1,333	-894	-439	49.1%
Gross operating profit (EBITDA)	**1,468**	**3,488**	**-2,020**	**-57.9%**
Amortisation, depreciation and impairment	-10,319	-9,092	-1,227	13.5%
Net operating profit	**-8,851**	**-5,604**	**-3,247**	**57.9%**
Adjusted EBITDA margin	**2.3%**	**4.4%**		
EBITDA margin	**1.2%**	**3.5%**		

Revenues from sales in the Green Transportation segment as at 30 September 2021 totalled Euro 120,020 thousand, increasing by Euro 21,012 thousand (+21.2%) compared with the same period of the previous year, which was particularly impacted by the lockdown imposed by governments to deal with the COVID-19 pandemic. It is necessary to highlight that the results in terms of revenues in the third quarter were highly influenced by the shortage of raw materials, particularly semiconductors. This market situation resulted on one hand in a reduction or deferral of orders from OEM customers, due to the need for automotive manufacturers to limit costs and avoid production interruptions, and on the other in difficulties in fulfilling existing orders, due to a series of complexities in obtaining raw materials.

The ensuing increase in raw material prices recorded in the international markets has been only partially transferred to sale prices in the After Market channel, while in the OEM channel, in which long-term supply agreements are used, this has not yet taken place. Advanced stage negotiations are currently ongoing with a major OEM customer in order to redefine sale prices and reflect in part the anomalous increases in raw materials recorded in the course of 2021.

Sales in the OEM channel, equal to Euro 56.1 million (Euro 47.8 million at 30 September 2020), inclusive of the contribution of the Metatron Group, were up significantly due to increasing orders from a major OEM customer, which is focusing on LPG bifuel engines to develop its "green" product range. In the first nine months of 2021, the significant impact of these sales on total revenues had effects on the Group's profit margins, since they are characterised by lower margins than sales in the After Market channel, and because they were more influenced by the increase in raw material prices, which has not yet been reflected in sale prices.

Sales in the After Market channel, amounting to Euro 63.9 million (Euro 51.2 million at 30 September 2020), primarily relate to orders from distributors and authorised installers, both domestic and foreign, and rose primarily due to the recovery in several Latam, North African and Asian area markets. Despite this positive market situation, the electronic component shortage is causing problems in the completion of production lots and their delivery.

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

(Thousands of Euro)

GREEN TRANSPORTATION	At 30/09/2021	% of revenues	At 30/09/2020	% of revenues	Change	%
Italy	15,204	12.7%	15,998	16.2%	-794	-5.0%
Europe (excluding Italy)	63,630	53.0%	52,898	53.4%	10,732	20.3%
America	15,127	12.6%	11,295	11.4%	3,832	33.9%
Asia and Rest of the World	26,059	21.7%	18,817	19.0%	7,242	38.5%
Total	**120,020**	**100.0%**	**99,008**	**100.0%**	**21,012**	**21.2%**

Italy

The Italian market, accounting for 12.7% of total revenue (16.2% in the first nine months of 2020), is down compared with the same period of the previous year (-5%). After a first half of the year which recorded encouraging signs of a recovery, with growing demand for conversions, the third quarter of 2021 closed down as a result of delays in vehicle deliveries by automotive manufacturers (-24.9% compared with the same period of the previous year). UNRAE (Association of foreign car makers operating in Italy) data relating to the Italian market in any event show that roughly 9% of total vehicle registrations in Italy continue to be for vehicles with gas (CNG and LPG) engines. Please note that the recent instability in fuel prices, recorded starting from September, which drive CNG prices to around Euro 2 per Kg and LPG prices to Euro 0.8 per litre, is causing conversion decisions to be delayed.

Europe

The rest of Europe represents 53% of total sales (53.4% in the first nine months of 2020) and is up 20.3% thanks primarily to growing orders from a major OEM customer, which is basing the development of its "green" product line on LPG bifuel engines. The current shortage in semiconductors in the market has triggered temporary production interruptions, with a resulting delay in part of the orders expected to be delivered in the third quarter.

America

Sales in the first nine months of 2021 on the American continent, amounting to Euro 15,127 thousand (Euro 11,295 thousand at 30 September 2020), marked an increase of 33.9% thanks to the positive performance of the Latam area which, despite delays in vaccination campaigns, has shown important signs of a recovery.

Asia and Rest of the World

The Asian and Rest of the World markets, amounting to 21.7% of total revenue (19% in the first nine months of 2020) rose by 38.5% thanks to the positive performance of the North African and Asian markets.

Profitability

(Thousands of Euro)

GREEN TRANSPORTATION	Q3 2021	Q2 2021	Q1 2021	30/09/2021	Q3 2020	Q2 2020	Q1 2020	30/09/2020
Revenues	42,999	43,762	33,259	**120,020**	39,151	22,687	37,170	**99,008**
Adjusted gross operating profit (EBITDA)	1,060	1,233	508	**2,801**	2,530	-1,032	2,884	**4,382**
% of revenues	*2.5%*	*2.8%*	*1.5%*	***2.3%***	*6.5%*	*-4.5%*	*7.8%*	***4.4%***
Gross operating profit (EBITDA)	477	634	357	**1,468**	2,450	-1,402	2,440	**3,488**
% of revenues	*1.1%*	*1.4%*	*1.1%*	***1.2%***	*6.3%*	*-6.2%*	*6.6%*	***3.5%***
Net operating profit (EBIT)	-3,178	-2,694	-2,979	**-8,851**	-534	-4,467	-603	**-5,604**
% of revenues	*-7.4%*	*-6.2%*	*-9.0%*	***-7.4%***	*-1.4%*	*-19.7%*	*-1.6%*	***-5.7%***
Change in Revenues compared with the previous year	3,848	21,075	-3,911	**21,012**				
Change %	*9.8%*	*92.9%*	*-10.5%*	***21.2%***				

In the first nine months of 2021, the adjusted Gross Operating Profit (EBITDA) of the Green Transportation segment, net of non-recurring costs of Euro 1,333 thousand, was positive at Euro 2,801 thousand, equivalent to 2.3% of revenues, down compared with the same period of the previous year (Euro 4,382 thousand, equal to 4.4% of revenues and net of non-recurring costs of Euro 894 thousand).

At 30 September, Group margins were impacted by the significant influence on the total of OEM channel sales, characterised by lower profit margins than After Market channel sales, as well as the increase in raw material prices, reflected to date only in part in After Market channel sale prices. Advanced stage negotiations are currently ongoing with a major OEM customer in order to redefine sale prices and reflect in part the anomalous increases in raw materials recorded in the course of 2021.

In any event, it is necessary to note the positive signs in the After Market channel which, despite increasing price competition, is showing a significant recovery in the Latam, North African and Asian area markets.

The adjusted Gross Operating Profit (EBITDA) of the Green Transportation segment includes the contribution of the Metatron Group, consolidated as of August 2021, which recorded adjusted profitability of Euro 225 thousand.

Clean Tech Solutions operating segment performance

(Thousands of Euro)

CLEAN TECH SOLUTIONS	30/09/2021
Net sales outside the Group	42,727
Intersegment sales	0
Total Revenues from net sales and services	**42,727**
Other revenues and income	258
Operating costs	-38,231
Adjusted gross operating profit (EBITDA)	**4,754**
Non-recurring costs	-270
Gross operating profit (EBITDA)	**4,484**

Amortisation, depreciation and impairment	-1,046
Net operating profit (EBIT)	**3,438**
Adjusted EBITDA margin	**11.1%**
EBITDA margin	**10.5%**

Following the line-by-line consolidation of the SAFE&CEC Group as of May 2021, the Clean Tech Solutions segment data are not directly comparable with the same period of the previous year. To better understand the segment's performance, pro-forma data are provided below in terms of revenues from sales and adjusted EBITDA for the first nine months of 2021 compared with the same period of the previous year.

(Thousands of Euro)

CLEAN TECH SOLUTIONS – pro-forma	30/09/2021	30/09/2020	Change	%
Revenues from net sales and services	66,295	53,929	12,366	22.9%
Adjusted gross operating profit (EBITDA)	5,370	3,124	2,246	71.9%
Net operating profit (EBIT)	2,724	909	1,815	199.7%
Adjusted EBITDA margin	8.1%	5.8%		
EBIT margin	*4.1%*	*1.7%*		

Sales revenues

In the first nine months of 2021, the Clean Tech Solutions segment recorded Revenues of Euro 66,295 thousand, up by 22.9% compared with the same period of the previous year (Euro 53,929 thousand), confirming the growing interest in gas mobility on the part of many countries, which are strengthening their distribution networks.

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

Revenue by geographical area

(Thousands of Euro)

CLEAN TECH SOLUTIONS	At 30/09/2021	% of revenues
Italy	2,939	6.9%
Europe (excluding Italy)	13,415	31.4%
America	7,575	17.7%
Asia and Rest of the World	18,798	44.0%
Total	**42,727**	**100.0%**

Revenue by geographical area, an insignificant indicator for the Clean Tech Solutions segment, given its extreme variability depending on the projects completed during the period, recorded significant results in the Asia and Rest of the World area, primarily due to significant contracts for the North African market.

Profitability

CLEAN TECH SOLUTIONS	Q3 2021	Q2 2021 (*)	30/09/2021
Revenues	23,706	19,021	**42,727**
Adjusted gross operating profit (EBITDA)	2,017	2,737	**4,754**
% of revenues	*8.5%*	*14.4%*	***11.1%***
Gross operating profit (EBITDA)	1,913	2,571	**4,484**
% of revenues	*8.1%*	*13.5%*	***10.5%***
Net operating profit (EBIT)	1,279	2,159	**3,438**
% of revenues	*5.4%*	*11.4%*	***8.0%***

(*) relating only to the months of May and June 2021

For the Clean Tech Solutions segment, adjusted Gross Operating Profit (EBITDA) relating to the months of May-September 2021 was positive, amounting to Euro 4,754 thousand and equivalent to 11.1% of revenues. At pro-forma level, or considering the results of the SAFE&CEC Group for the entire first nine months of 2021, adjusted EBITDA was Euro 5,370 thousand and amounted to 8.1% of revenues, up compared with the same period of the previous year (Euro 3,124 thousand, equal to 5.8% of revenues).

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

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

Invested capital

(Thousands of Euro)

Statement of Financial Position	30/09/2021	31/12/2020	30/09/2020
Trade receivables	66,540	39,353	39,592
Inventories	87,710	42,009	41,525
Trade payables	-83,486	-53,509	-38,648
Other net current assets (liabilities) (*)	-15,037	-1,000	-970
Net operating capital	**55,727**	**26,853**	**41,499**
Tangible fixed assets	15,330	13,212	13,109
Intangible assets	104,426	50,460	50,415
Right-of-use assets	13,028	4,975	5,010

Other non-current assets	18,564	38,481	36,670
Fixed capital	**151,348**	**107,128**	**105,204**
TFR (employee severance pay), other provisions and others	-9,297	-4,750	-4,696
Net invested capital	**197,778**	**129,231**	**142,007**
Financed by:			
Net Financial Position (**)	138,818	72,917	86,055
Group shareholders' equity	53,889	56,787	56,406
Minority interests	5,071	-473	-454
Borrowings	**197,778**	**129,231**	**142,007**

Ratios	30/09/2021	31/12/2020	30/09/2020
Net operating capital	55,727	26,853	41,499
Net operating capital/Turnover (rolling) (***)	20.3%	18.9%	27.1%
Net invested capital	197,778	129,231	142,007
Net invested capital/Turnover (rolling) (***)	72.0%	90.7%	92.8%

(*) Net of the remaining payable for the acquisition of the Metatron Group of Euro 25,436 thousand

(**) The net financial position at 30 September 2021 is inclusive of Euro 13,788 thousand for financial liabilities for rights of use deriving from the application of IFRS 16 - Leases, Euro 263 thousand for derivative financial instruments and Euro 25,436 thousand relating to the remaining payable for the acquisition of the Metatron Group

(***) In order to calculate the indicator in question at 30 September 2021, following the line-by-line consolidation of the SAFE&CEC Group as of May 2021 and the Metatron Group as of August 2021, rolling 12-month revenue figures were expressed pro forma taking into consideration the profit (loss) of the SAFE&CEC Group and the Metatron Group, respectively, for the other 7 and 10 months during which they were not consolidated

Net operating capital at the end of the period stood at Euro 55,727 thousand. This is an increase compared with the same figure at 31 December 2020 (Euro 26,853 thousand), primarily attributable to the consolidation of the SAFE&CEC Group and the Metatron Group. In terms of percentages on rolling turnover, there was an increase in this figure, from 18.9% as at 31 December 2020 to the current 20.3% (27.1% as at 30 September 2020).

Trade receivables stood at Euro 66,540 thousand (of which Euro 18,382 thousand relating to the Clean Tech Solutions segment and Euro 10,616 thousand relating to the Metatron Group), an increase compared with 31 December 2020 (Euro 39,353 thousand). The analyses performed did not bring to light relevant critical issues in terms of Group customer solvency. At 30 September 2021, derecognised receivables disposed through maturity factoring stood at Euro 13.7 million (Euro 11.7 million at 31 December 2020).

Trade payables are up by Euro 29,977 thousand from Euro 53,509 thousand as at 31 December 2020 to Euro 83,486 thousand as at 30 September 2021 (of which Euro 22,377 thousand relating to the Clean Tech Solutions segment and Euro 3,579 thousand to the Metatron Group).

Inventories, amounting to Euro 87,710 thousand (Euro 42,009 thousand as at 31 December 2020), rose due to the above-mentioned consolidation of the SAFE&CEC Group (Euro 32,518 thousand as at 30 September 2021) and of the Metatron Group (Euro 7,971 thousand as at 30 September 2021), also due to the significant acquisitions made by the Parent Company 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. As at 30 September 2021, inventories are inclusive of contract work in progress of the Clean Tech Solutions segment of Euro 16,076 thousand.

Fixed capital, amounting to Euro 151,348 thousand and inclusive of Euro 13,028 thousand for right-of-use assets recognised pursuant to IFRS 16 - Leases, increased as a result of the consolidation of the SAFE&CEC Group and the Metatron Group, which also resulted in the recognition of goodwill of Euro 25,393 thousand and Euro 19,646 thousand, respectively.

As at 30 September 2021, TFR (employee severance indemnity) and other provisions of Euro 9,297 thousand rose following the consolidation of the SAFE&CEC Group and the Metatron Group.

Net invested capital (Euro 197,778 thousand, equal to 72% of pro-forma rolling turnover) is up compared with 31 December 2020 (Euro 129,231 thousand, equal to 90.7% of rolling turnover) following the consolidation of the SAFE&CEC Group and the Metatron Group.

Net financial position and cash flows

(Thousands of Euro)	30/09/2021	31/12/2020	30/09/2020
Cash and cash equivalents	19,504	21,914	19,821
Current financial assets	0	2,801	2,821
Bank financing and borrowings	-47,075	-23,108	-28,996
Current right-of-use liabilities	-2,916	-2,228	-1,916
Other current financial liabilities	-510	-378	-210
Net short term indebtedness	**-30,997**	**-999**	**-8,480**
Non-current bank loans	-67,555	-68,181	-73,181
Non-current right-of-use liabilities	-10,872	-2,871	-3,227
Other non-current financial liabilities	-3,695	-408	-770
Liabilities for derivative financial instruments	-263	-458	-397
Net medium-long term indebtedness	**-82,385**	**-71,918**	**-77,575**
Commitments for the purchase of equity investments	-25,436	0	0
Net Financial Position	**-138,818**	**-72,917**	**-86,055**
Net Financial Position - adjusted (*)	**-99,331**	**-67,360**	**-80,515**
- of which Green Transportation	*-92,296*	*-67,360*	*-80,515*
- of which Clean Tech Solutions	*-7,035*	*0*	*0*

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

The Net Financial Position as at 30 September 2021 is equal to Euro 138,818 thousand (Euro 72,917 thousand as at 31 December 2020), of which Euro 13,788 thousand due to the application of IFRS 16 - Leases, Euro 263 thousand due to the fair value of derivative financial instruments and Euro 25,436 thousand due to the remaining payable for the acquisition of the Metatron Group (amount classified under Other current liabilities in 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 Net Financial Position as at 30 September 2021 would have been equal to Euro 99,331 thousand, of which Euro 7,035 thousand linked to the Clean Tech Solutions segment and Euro 92,296 thousand to the Green Transportation segment.

The Net financial position of the Green Transportation segment, net of the contribution of the Metatron Group (Euro 9,599 thousand) and the remaining payable for its acquisition, was basically stable compared with the previous quarter but up by Euro 15,377 thousand compared with 31 December 2020, especially following the increase in operating capital and investments for the period.

Activities are currently under way to obtain the financial resources required to cover the remaining payable for the acquisition of the Metatron Group.

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

The following table illustrates the trend in total cash flow:

(Thousands of Euro)	30/09/2021	31/12/2020	30/09/2020
Gross operational cash flow	239	6,800	-11,404
Cash flow for investment activities	-5,746	-11,611	-8,600
Gross Free Cash Flow	**-5,507**	**-4,811**	**-20,004**
Variation in the consolidation area	3,575	0	0
Non-recurring expenditure for voluntary resignation incentives	-325	-495	-119
Net Free Cash Flow	***-2,257***	***-5,306***	***-20,123***
Repayment of leases (IFRS 16)	-2,302	-2,399	-1,648
Overall cash flow	**-4,559**	***-7,705***	***-21,771***

In the first nine months of 2021, cash absorption amounted to Euro 4,559 thousand (absorption of Euro 21,771 thousand in the first nine months of 2020), primarily linked to lower operating income and growth in operating capital, particularly in light of higher inventories, with ensuing effects on the Group's operating cash flows.

The net free cash flow for the period was a negative Euro 2,257 thousand, of which a negative Euro 86 thousand generated by net operations, and a negative Euro 2,171 thousand by net investments (inclusive of the cash contribution deriving from the consolidation of the SAFE&CEC Group and the Metatron Group).

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

Investments

Investments in property, plant, machinery and other equipment totalled Euro 2,386 thousand (Euro 4,589 thousand as at 30 September 2020) and refer to the investments made by the Group in the new production lines and moulds required to launch new products and to cover the increasing orders from a leading OEM customer.

The increase in intangible assets amounted to Euro 3,806 thousand (Euro 4,198 thousand at 30 September 2020) and mainly related to the capitalisation of costs of development projects relating to new products for the OEM and After Market channels, as well as for the Heavy Duty and Hydrogen mobility segments, which meet the requirements of IAS 38 for recognition as balance sheet assets.

2.1.2. Results of Parent Company

In the first nine months of 2021, Landi Renzo S.p.A. generated revenues of Euro 93,104 thousand compared with Euro 72,297 thousand in the same period of the prior year (amount not including the contribution deriving from the Lovato Gas merger, which took place in the final quarter of 2020). EBITDA totalled Euro 1,134 thousand (inclusive of Euro 1,060 thousand in non-recurring costs), compared with Euro 2,267 thousand at 30 September 2020 (inclusive of Euro 894 thousand in non-recurring costs), while the net financial position was Euro -113,020 thousand (Euro -84,315 thousand, net of the effects deriving from the application of IFRS 16, the fair value of financial derivative contracts and the remaining payable for the acquisition of the Metatron Group) compared with Euro -78,971 thousand at 31 December 2020 (Euro -74,041 thousand, net of the effects deriving from the application of IFRS 16 and the fair value of financial derivative contracts).
At the end of the six-month period, the Parent Company's workforce numbered 303 employees, basically in line with 31 December 2020 (318).

2.1.3. Impact of the COVID-19 pandemic on the activities of the Landi Renzo Group

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

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

As concerns the supply chain, in the first nine months of 2021 evident difficulties emerged in the international markets due to the shortage of raw materials and certain types of components, which has driven prices up. The Group therefore made significant financial efforts to purchase electronic materials and strategic components in order to guarantee production continuity. This situation, which analysts believe will continue in the first part of 2022, entailed postponements of orders from the main OEM customers and difficulties for the Group in promptly fulfilling After Market customer orders, as well as reduced visibility with respect to the coming months.

The international economic context is continuing to have an effect on the Group's results. Indeed, the first nine months of 2021 closed with revenues from sales of Euro 162,558 thousand, inclusive of the consolidation of the SAFE&CEC Group as of May 2021 and the Metatron Group as of August 2021. Net of this effect, the Landi Renzo Group's revenue relating only to the Green Transportation operating segment in any event recorded an increase of 18.8% compared with the same period of the previous year, rising from Euro 99,008 thousand at 30 September 2020 to Euro 117,629 thousand at 30 September 2021.

The Net Financial Position as at 30 September 2021 is equal to Euro 138,818 thousand (Euro 72,917 thousand as at 31 December 2020), of which Euro 13,788 thousand due to the application of IFRS 16 - Leases, Euro 263 thousand due to the fair value of derivative financial instruments and Euro 25,436 thousand due to the remaining payable for the acquisition of the Metatron Group. 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 the Metatron Group, the Net Financial Position as at 30 September 2021 would have been equal to Euro 99,331 thousand.

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

2.1.4. 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;
- the service contracts between Gestimm S.r.l., a company in which a stake is held through the parent company Girefin S.p.A., and the company Landi Renzo S.p.A. for rent of the production plant on Via dell'Industria in Cavriago;
- the service contracts between Emilia 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:
- supply of services between Landi Renzo S.p.A., SAFE&CEC S.r.l. and SAFE S.p.A., relating to the chargeback of service and IT costs;
- chargebacks of services from Landi Renzo USA to SAFE S.p.A.;
- financial interest relating to loans granted by Landi Renzo S.p.A. to SAFE S.p.A. and Krishna Landi Renzo India Private Ltd Held;

- relationships for the supply of services between Italy Technology Group S.r.l. and Metatron S.p.A. relating to lease payments on the properties in Castel Maggiore (Bologna) and Volvera (Turin), used as the operational headquarters and research centre, respectively.

In accordance with Consob Regulation 17221/2010, and pursuant to Article 2391-bis of the Italian Civil Code, the Board of Directors has adopted the specific procedure for transactions with related parties. On 30 June 2021, the Board of Directors of Landi Renzo S.p.A. approved the update of procedures relating to transactions with related parties in order to align them with Consob Resolution no. 21624 of 10/12/2020. The new procedures entered into force as of 1 July 2021 and are also published on the Company's website.

2.2. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER AND LIKELY FUTURE DEVELOPMENTS

Significant events after the reporting period

From the end of the first nine months of 2021 to date, please note that on 12 November 2021 the Board of Directors LANDI RENZO S.p.A., in order to take into account the overall timing linked to the transaction for the acquisition of Metatron S.p.A., acknowledged that an agreement, still to be formalised, had been reached with the majority shareholder of the Metatron Group aiming to extend to 31 January 2022 the period within which the acquisition of the Metatron Group by Landi Renzo S.p.A. will need to take place, approving its content.

Likely future developments

The current shortage of raw materials in the market, particularly of semiconductors, which resulted in significant price increases, in addition to procurement difficulties and production interruptions by the main vehicle manufacturers, resulted in lower results than expected for the Green Transportation segment and reduced visibility with respect to the coming months. As a result, the management revised its outlooks for the year 2021, estimating revenues from sales for the Green Transportation segment (net of the contribution of the Metatron Group) of Euro 160-165 million and an adjusted EBITDA margin of between Euro 7 million and Euro 8 million, inclusive of the positive effects expected from the current renegotiation of prices with a major OEM customer.

As regards the Clean Tech Solutions segment, forecasts in terms of revenues and profitability developed when the results as at 30 June 2021 were published are confirmed: a value of production on an annual basis of between Euro 85 million and Euro 90 million and an adjusted EBITDA margin of between Euro 8 million and Euro 9 million (of which between Euro 7 million and Euro 8 million relating to the May-December 2021 period).

In relation to the Metatron Group, we expect revenues from sales on an annual basis of Euro 20 million (of which Euro 7 million relating to the August-December 2021 period).

Cavriago, 12 November 2021

Chief Executive Officer
Cristiano Musi

3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

3.1. GENERAL ACCOUNTING STANDARDS AND CONSOLIDATION PRINCIPLES

3.1.1. Introduction

The Interim Management Report as at 30 September 2021, which has not been audited, has been prepared in compliance with art. 154 of Italian Legislative Decree no. 58 of 24 February 1998, as amended, and with the (Issuers' Regulations) issued by Consob (Italian Securities and Exchange Commission). Therefore, the provisions of the IAS on infra-annual financial information (IAS 34 – Interim Financial Reporting) were not adopted.

The Interim Management Report as at 30 September 2021 has been prepared in accordance with the IAS/IFRS. To this end, the data of the separate financial statements of the Italian and foreign subsidiaries have been reclassified and adjusted accordingly.

The line-by-line method is used for consolidation, which consists of stating all the items of assets and liabilities in their entirety, excluding the joint venture Krishna Landi Renzo India Private LTD Held, consolidated using the equity method.

Except for what is laid out below, the accounting standards, and the valuation and consolidation criteria used in preparing the Interim Management Report as at 30 September 2021 are not different to those used in drawing up the consolidated financial statements closed at 31 December 2020, which should be referred to for further information.

As well as the interim values as at 30 September 2021 and 2020, the financial data for the year ended on 31 December 2020 is shown for the purpose of comparison.

The functional and reporting currency is the Euro. Figures in the schedules and tables herein are in thousands of Euro.

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

The accounting standards and calculation methods used for the preparation of this Interim Management Report were not modified compared to those used to prepare the consolidated financial statements at 31 December 2020. Please note that the valuation and measurement of the accounting items shown are based on International Accounting Standards and the relative interpretations currently in force, and that no new accounting standards were applied early.

3.1.3. Consolidation procedures and valuation criteria

The preparation of the Interim Management Report 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 Shareholders' Equity and the Consolidated Cash Flow Statement, and in disclosures provided. Estimates are used in recognizing goodwill, impairment of fixed assets, development expenditure, 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 all changes are normally reflected immediately on the income statement.

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

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

The policies and principles of the Landi Renzo Group for the identification, management and control of risks related to the activity are described in detail in the Consolidated Financial Statements as at 31 December 2020, to which you may refer for a more complete description of such aspects.

3.1.4. Consolidation scope

The scope of consolidation includes the Parent Company Landi Renzo S.p.A. and the companies in which it holds a direct or indirect controlling stake according to IFRS. The consolidation area has changed compared with 31 December 2020 following the consolidation:

- as of May 2021 of the SAFE&CEC Group, consisting of the parent holding company SAFE&CEC S.r.l. and its subsidiaries SAFE S.p.A. (Italy), IMW Industries LTD (Canada), IMW Industries Ltda (Colombia), IMW Industries del Perù S.A.C. (Peru), IMW Industries LTD Shanghai (China) and IMW Energy Tech. Ltd (China).
- as of July 2021 of the joint venture Landi Renzo RUS, a company established with a view to developing gas mobility in the Russian market, 51% held by Landi Renzo;
- as of August 2021 of the Metatron Group, consisting of Metatron S.p.A. and Metatron Control System (Shanghai). The Indian subsidiary Metatron Technologies India Plc instead is not consolidated as it is not operating and not significant.

The goodwill recognised in the financial statements as at 30 September 2021 of the SAFE&CEC Group and the Metatron Group, amounting to Euro 25,393 thousand and Euro 19,646 thousand, respectively, was determined as the difference between the fair value of the share held by the Landi Renzo Group in the SAFE&CEC Group (51%) and in the Metatron Group (100%) and the Group's share of the carrying amount of the assets and liabilities acquired. The "Purchase Price Allocation" established by IFRS 3 in the case of business combinations, or the measurement of the assets and liabilities acquired at fair value, given the complexity and characteristics of the transaction in question, is currently under way and is expected to be completed within the terms permitted by the international accounting standard, or within 12 months of the acquisition date.

Details of the business combination with the SAFE&CEC Group are provided below:

(Thousands of Euro)

SAFE&CEC COMBINATION	Carrying Amounts
Land, property, plant, machinery and other equipment	1,674
Development costs	2,068
Other intangible assets with finite useful lives	6,649
Right-of-use assets	6,687
Other non-current assets	926
Prepaid taxes	137
Non-current assets	**18,141**
Trade receivables	14,458
Inventories	11,985
Contract work in progress	17,548
Other receivables and current assets	5,645
Cash and cash equivalents	2,966
Current assets	**52,602**
Other non-current financial liabilities	916
Non-current liabilities for rights of use	6,702
Provisions for risks and charges	755
Defined benefit plans for employees	608
Deferred tax liabilities	1,216
Non-current liabilities	**10,197**
Bank financing and short-term loans	10,362
Other current financial liabilities	2,760
Current liabilities for rights of use	680
Trade payables	22,309
Tax liabilities	252
Other current liabilities	14,455
Current liabilities	**50,818**
Total net assets acquired	**9,728**
Percentage of control Landi Renzo S.p.A.	**51%**
Group's share of net assets acquired	**4,961**
Value of the stake in Landi Renzo S.p.A.	**21,571**
Fair value 51%	**30,354**
Income from combination	**8,783**
Clean Tech Solutions CGU goodwill	**25,393**
Cash acquired	**2,966**

Details of the business combination with the Metatron Group are provided below:

(Thousands of Euro)

METATRON COMBINATION	Carrying Amounts
Land, property, plant, machinery and other equipment	1,958
Development costs	1,111
Other intangible assets with finite useful lives	1,319
Right-of-use assets	3,583
Other non-current assets	463
Prepaid taxes	478
Non-current assets	**8,912**
Trade receivables	11,283
Inventories	7,886
Other receivables and current assets	1,206
Cash and cash equivalents	1,868
Current assets	**22,243**
Other non-current financial liabilities	5,514
Non-current liabilities for rights of use	2,938
Provisions for risks and charges	443
Defined benefit plans for employees	1,639
Non-current liabilities	**10,534**

Bank financing and short-term loans	5,272
Current liabilities for rights of use	645
Trade payables	4,713
Tax liabilities	658
Other current liabilities	2,232
Current liabilities	**13,520**
Total net assets acquired	**7,100**
Percentage of control Landi Renzo S.p.A.	**100%**
Group's share of net assets acquired	**7,100**
Value of the stake in Landi Renzo S.p.A.	**26,746**
Green Transportation CGU goodwill	**19,646**
Cash acquired	**1,868**
Share of price paid as at 30 September 2021	**-1,311**

Adoption of simplification of reporting obligations pursuant to Consob Resolution no. 18079 of 20 January 2012.

Under Article 3 of Consob Resolution no. 18079 of 20 January 2012, Landi Renzo S.p.A. decided to adopt the opt-out system envisaged by Articles 70, par. 8, and 71, par. 1-*bis* of Consob Regulation no. 11971/99 (as amended). It is therefore able to opt out from the disclosure of the information documents listed in Annex 3B to the Consob Regulation, on occasion of significant mergers, demergers, increases in capital through contribution of goods in kind, acquisitions and disposals.

3.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	30/09/2021	31/12/2020	30/09/2020
Non-current assets			
Land, property, plant, machinery and other equipment	15,330	13,212	13,109
Development costs	11,909	9,506	8,976
Goodwill	75,133	30,094	30,094
Other intangible assets with finite useful lives	17,384	10,860	11,345
Right-of-use assets	13,028	4,975	5,010
Equity investments measured using the equity method	1,627	22,509	22,338
Other non-current financial assets	1,049	921	921
Other non-current assets	2,556	2,850	2,850
Prepaid taxes	13,332	12,201	10,561
Total non-current assets	**151,348**	**107,128**	**105,204**
Current assets			
Trade receivables	66,540	39,353	39,592
Inventories	71,634	42,009	41,525
Contract work in progress	16,076	0	0
Other receivables and current assets	13,598	6,712	7,167
Current financial assets	0	2,801	2,821
Cash and cash equivalents	19,504	21,914	19,821
Total current assets	**187,352**	**112,789**	**110,926**
TOTAL ASSETS	**338,700**	**219,917**	**216,130**

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	30/09/2021	31/12/2020	30/09/2020
Shareholders' equity			
Share capital	11,250	11,250	11,250
Other reserves	44,518	53,199	52,870
Profit (loss) for the period	-1,879	-7,662	-7,714
Total Shareholders' equity of the Group	**53,889**	**56,787**	**56,406**
Minority interests	5,071	-473	-454
TOTAL SHAREHOLDERS' EQUITY	**58,960**	**56,314**	**55,952**
Non-current liabilities			
Non-current bank loans	67,555	68,181	73,181
Other non-current financial liabilities	3,695	408	770
Non-current liabilities for rights of use	10,872	2,871	3,227
Provisions for risks and charges	4,231	2,897	2,837
Defined benefit plans for employees	3,581	1,556	1,543
Deferred tax liabilities	1,485	297	316
Liabilities for derivative financial instruments	263	458	397
Total non-current liabilities	**91,682**	**76,668**	**82,271**
Current liabilities			
Bank financing and short-term loans	47,075	23,108	28,996
Other current financial liabilities	510	378	210
Current liabilities for rights of use	2,916	2,228	1,916
Trade payables	83,486	53,509	38,648
Tax liabilities	3,205	2,677	2,654
Other current liabilities	50,866	5,035	5,483
Total current liabilities	**188,058**	**86,935**	**77,907**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**338,700**	**219,917**	**216,130**

3.3. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT	30/09/2021	30/09/2020
Revenues from sales and services	162,558	99,008
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	-2,174	-1,418
Gross operating profit	**5,952**	**3,488**
Amortisation, depreciation and impairment	-11,365	-9,092
Net operating profit	**-5,413**	**-5,604**
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 ventures measured using the equity method	219	-21
Profit (loss) before tax	**-47**	**-9,489**
Taxes	-1,003	1,612
Net profit (loss) for the Group and minority interests, including:	**-1,050**	**-7,877**
Minority interests	829	-163
Net profit (loss) for the Group	-1,879	-7,714
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0167	-0.0686
Diluted earnings (loss) per share	-0.0167	-0.0686

3.4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30/09/2021	30/09/2020
Net profit (loss) for the Group and minority interests:	**-1,050**	**-7,877**
Profits/losses that will not be subsequently reclassified in the income statement		
Remeasurement of employee defined benefit plans (IAS 19)	15	-10
Total profits/losses that will not be subsequently reclassified in the income statement	**15**	**-10**
Profits/losses that could subsequently be reclassified in the income statement		
Measurement of investments with the equity method	470	-1,171
Fair value of derivatives, change for the period	158	-279
Exchange rate differences from the translation of foreign operations	-1,898	-1,176
Total profits/losses that could subsequently be reclassified in the income statement	**-1,270**	**-2,626**
Profits/losses recorded directly in Shareholders' Equity after tax effects	**-1,255**	**-2,636**
Total consolidated income statement for the period	**-2,305**	**-10,513**
Profit (Loss) for Shareholders of the Parent Company	-3,030	-10,391
Minority interests	725	-122

3.5. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)

CONSOLIDATED CASH FLOW STATEMENT	30/09/2021	30/09/2020
Cash flows from operations		
Pre-tax profit (loss) for the period	-47	-9,489
Adjustments for:		
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
Income (expenses) attributable to equity investments measured using the equity method	-219	21
Profit (loss) attributable to interests	-8,768	0
	6,891	**3,728**
Changes in:		
Inventories and contract 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
Cash generated from operations	**1,840**	**-9,675**
Interest paid	-1,434	-1,301
Interest received	161	51
Income taxes paid	-653	-598
Net cash generated (absorbed) by operations	**-86**	**-11,523**
Cash flows from investments		
Proceeds from the 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 costs	-3,612	-3,941
Variation in the consolidation area	3,575	0
Net cash absorbed by investment activities	**-2,171**	**-8,600**
Free Cash Flow	**-2,257**	**-20,123**
Cash flows from financing activities		
Disbursements (reimbursements) of loans to associates	0	-600
Disbursements (reimbursements) 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
Net cash generated (absorbed) by financing activities	2,435	20,228
Net increase (decrease) in cash and cash equivalents	**178**	**105**
Cash and cash equivalents at 1 January	**21,914**	**22,650**
Effect of exchange rate fluctuation on cash and cash equivalents	-2,588	-2,934
Closing cash and cash equivalents	**19,504**	**19,821**

3.6. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' 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 at 31 December 2019	**11,250**	**2,250**	**7,532**	**30,718**	**8,867**	**6,048**	**66,665**	**-66**	**-266**	**66,333**
Profit (loss) for the year						-7,714	**-7,714**	-163		**-7,877**
Actuarial gains/losses (IAS 19)			-10				**-10**			**-10**
Translation difference			-1,217				**-1,217**		41	**-1,176**
Valuation of investments using equity method			-1,171				**-1,171**			**-1,171**
Change in the cash flow hedge reserve			-279				**-279**			**-279**
Total overall profits/losses	**0**	**0**	**-2,677**	**0**	**0**	**-7,714**	**-10,391**	**-163**	**41**	**-10,513**
Share-based incentive plans			132				**132**			**132**
Allocation of profit			6,048			-6,048	**0**	66	-66	**0**
Balance at 30 September 2020	**11,250**	**2,250**	**11,035**	**30,718**	**8,867**	**-7,714**	**56,406**	**-163**	**-291**	**55,952**
Balance at 31 December 2020	**11,250**	**2,250**	**11,364**	**30,718**	**8,867**	**-7,662**	**56,787**	**-188**	**-285**	**56,314**
Profit (loss) for the year						-1,879	**-1,879**	829		**-1,050**
Actuarial gains/losses (IAS 19)			15				**15**			**15**
Translation difference			-1,794				**-1,794**		-104	**-1,898**
Valuation of investments using equity method			470				**470**			**470**
Change in the cash flow hedge reserve			158				**158**			**158**
Total overall profits/losses	**0**	**0**	**-1,151**	**0**	**0**	**-1,879**	**-3,030**	**829**	**-104**	**-2,305**
Share-based incentive plans			132				**132**			**132**
Variation in the consolidation area									4,819	**4,819**
Allocation of profit			-5,890	-1,772		7,662	**0**	188	-188	**0**
Balance at 30 September 2021	**11,250**	**2,250**	**4,455**	**28,946**	**8,867**	**-1,879**	**53,889**	**829**	**4,242**	**58,960**

STATEMENT PURSUANT TO ARTICLE 154, PAR. 2, OF ITALIAN LEGISLATIVE DECREE NO. 58 DATED 24 FEBRUARY 1998

Subject: Interim Management Report as at 30 September 2021

I, the undersigned, Paolo Cilloni, the Financial Reporting Officer of Landi Renzo S.p.A.,

declare

in accordance with Article 154-, par. 2 of the Finance Consolidation Act (Italian Legislative Decree 58/1998) that the accounting information contained in the Interim Management Report to 30 September 2021 corresponds to the accounting documents, ledgers and records.

Cavriago, 12 November 2021

Financial Reporting
Officer
Paolo Cilloni